

Weekend

FINANCIAL TIMES

Weekend FT
When nationalism turns nasty

SECTION H

World Business Newspaper <http://www.FT.com>

UK police press for clampdown on Internet porn

UK-based Internet service providers look likely to bow to police pressure and voluntarily try to restrict access to pornography on the Net. The move comes as authorities in many parts of the world are trying to come to grips with illegal activities associated with the largely unregulated Internet. As in the US, where judges recently ruled that a law limiting pornography on the Internet was unconstitutional, the industry worldwide is divided over the issue. Page 24

Kohl plans to switch tax burden: German chancellor Helmut Kohl pledged to increase value added tax to pay for cuts in income tax as part of wide-ranging reforms planned for 1999. Page 2

German inflation edges up: German inflation edged up again last month to an annual rate of 1.6 per cent, the federal statistics office said. Page 2

Kemp may be Dole's running mate: Former Republican congressman Jack Kemp, 61, emerged as a possible running-mate for Bob Dole in the US presidential campaign. Page 24

London stocks recover from early losses

The winning run of the FTSE 100 index ended yesterday, but it still managed to end the week above 3,000. After seven consecutive daily rises, the Footsie fell 0.7 points to 3,810.7, but finished the week with a gain of 40 points. For a time yesterday, it seemed as if the fall was going to be more decisive, and by lunchtime the index had lost 17.5 points as hopes of further interest rate cuts diminished. But even though Wall Street was fairly flat, the UK stock market managed an afternoon rally. Page 21; World stocks, Page 19; Markets, Weekend FT Page XVIII.

Restructuring hits Unilever profits: Anglo-Dutch consumer goods group Unilever reported flat pre-tax first half profits of £1.12bn (£1.7bn) after taking restructuring costs of £60m to cover integration expenses for Helene Curtis, the US maker of shampoos and other personal products acquired in February. Page 6; London stocks, Page 21; Lex, Page 24

Two more companies at Lloyd's: The rapid restructuring at Lloyd's of London accelerated with the creation of two more listed Lloyd's "insurance companies" offering alternative vehicles for investors. Page 6

Heinz warns of earnings slips: Shares in H.J. Heinz slipped \$1 to \$3 in early trading after the US food group warned a meeting of food industry analysts that their earnings forecasts for the quarter just ended were looking over-optimistic. Page 5; World stocks, Page 19

Ulster peace calls: Business leaders in Northern Ireland called for a peaceful resolution of today's Londonderry march by the protestant Apprentice Boys. Tensions eased after nationalists re-routed last night's planned counter demonstration. Page 24; Man in the News, Page 8

Italians shift living habits: Italians are spending less on how they look and more on how they want to live. Less is now spent on food and clothing and more on housing and electricity, official figures show. Page 2

Jet engine pioneer dies: Sir Frank Whittle, inventor of the jet engine, died in Maryland at the age of 88. He moved from Britain to the US in 1976. Page 4

Pakistani pines on runs: Wicket keeper Moin Khan scored 105 as Pakistan made 448 in their first innings of the second cricket Test at Headingley, Leeds. England responded with 104-1 by the close. Sport, Weekend FT Page IX

FT.com: The FT web site provides online news, comment and analysis at <http://www.FT.com>

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The passions of John Fowles



Sarajevo tunnels to survival

WEEKEND AUGUST 10/AUGUST 11 1996

Fierce fighting in Grozny is further setback as Russian president is sworn in

Yeltsin ceremony marred by fresh health worries

By John Thornhill in Moscow

Mr Boris Yeltsin was yesterday sworn in as Russian president in a glittering Kremlin ceremony, at which he promised to lead his country into the next millennium.

But the triumphant celebrations to mark the inauguration of sovereign Russia's first democratically elected leader were marred by a further intensification of fighting in the breakaway region of Chechnya and continuing worries about the president's health.

As he swore to defend and respect Russia's constitution for the next four years, Mr Yeltsin appeared to have some difficulty with the presidential oath and failed to make the expected acceptance speech.

He walked stiffly as he entered the Kremlin Palace and his face was drained of expression throughout the truncated 17-minute ceremony.

But the president appeared in far more lively form at the post-inauguration celebrations, where he made a short speech and drank champagne during rounds of toasts to his health.

Mr Yeltsin thanked 3,000 Russian guests, the leaders of the Commonwealth of Independent States and foreign diplomats "for sharing the joy of today with me".

"We want prosperity and order in every town and village so that every Russian home will be better off, so that power will serve the people, and everyone will say to themselves with pride: I am a citizen of Russia," he said.

Mr Vladimir Zhirinovsky, the ultra-nationalist leader who attended the inauguration, said: "He looked strong for a 65-year-old man. We have just sworn in a very good emperor."

But the celebrations in the Kremlin received scant coverage on television news bulletins compared with reports devoted to the fighting that raged yesterday in Grozny, capital of the southern separatist region of Chechnya.

At one point yesterday, a Russian military official said the situation in Grozny "was totally out of control". The fighting was reported to be as intense as it was during the

bloody storming of Grozny in December 1994.

According to Russian news agency and television reports, thousands of rebels launched a raid on the devastated capital on Tuesday after a pre-election ceasefire agreement fell apart.

The determined separatists have since seized large parts of the city and have harried Russian forces as they have attempted to reinforce their beleaguered garrison.

Mr Yeltsin made no mention of Chechnya yesterday, although Mr Victor Chernomyrdin, the prime minister, met senior Russian officials to discuss the situation and vowed everything would be done to save lives.

Russian news agencies said officials from both sides were discussing a temporary ceasefire to allow civilians to be evacuated from Grozny.

After the inauguration, Mr Yeltsin immediately renominated Mr Chernomyrdin as prime minister. His candidacy will be discussed today by the lower house of parliament.



Boris Yeltsin appeared to have difficulty in pronouncing the presidential oath when he was sworn in yesterday as Russian leader at a glittering ceremony in the Kremlin

Picture: Reuters

Joyless inauguration, Page 2

ANC warns police to quell S Africa violence

By Roger Matthews in Johannesburg

South Africa's ruling African National Congress warned of "catastrophic consequences" if police did not swiftly move to quell the continued threats of violence in the country.

The warning came just hours before a massive police hunt was sparked by the abduction by armed men of three men, believed to be for-

mergers, who were being driven in a minibus taxi in Johannesburg.

The driver, who was not taken by the hijackers, said the three passengers spoke with strong British accents and the assailants addressed him in Zulu. The minibus was later found in the township of Alexandra.

A mass demonstration against crime is planned tomorrow by members of the Moslem community who six days ago took the law into their own hands by attacking and killing a

suspected drug dealer. The ANC said

the police, who took no action to prevent the murder, must restore the rule of law as a matter of urgency.

Police units were brought in from outside Johannesburg yesterday to assist in the search for the missing men, who were travelling from the international airport to a hotel in the northern suburbs when they were attacked. Although armed hijacking of vehicles is common in Johannesburg, a police spokesman said the

men's disappearance was "a new and sinister development".

Mr George Fivas, the national police commissioner, who is to meet Moslem leaders of the People Against Gangsterism and Drugs (Pagad) in Cape Town today, said the organisation had considerable support. "I believe we are dealing with a manifestation of the righteous anger of a crime-battered community," he said.

But he urged Pagad to work with the police "before it was too late". The

ANC statement, however, expressed scepticism about the police role in Cape Town. It urged them to discover why the communities there believed the police were ineffective, and why some people thought they were colluding with gangsters.

"Ongoing steps to rid communities of police members implicated in assisting gangsters are necessary, and

Continued on Page 24

Death in the Cape, Page 8

German steel group chief arrested in fraud probe

By Michael Lindemann in Bonn

The chief executive and nine other managers of Thyssen, the leading German steel and engineering group, have been arrested by prosecutors investigating alleged fraud during the privatisation of a former East German metals company.

Thyssen yesterday said the arrests were "absurd" and threatened to take legal action against prosecutors. Mr Dieter Vogel, chief executive of the Düsseldorf-based group, which is one of Germany's top 15 listed companies, was released after a bail payment of DM2.5m (\$1.7m).

Eight other executives were also released following pay-

ments by Thyssen of between DM300,000 and DM2m, while Thyssen shares fell DM5.45 to close at DM262.20 as news emerged of the arrests. A spokesman for the Berlin public prosecutor, which is conducting the investigation, said the nine Thyssen executives arrested on Thursday must get prosecutors' approval for any trips outside Germany.

The arrests at Thyssen and the searching of the company's offices are the most striking events in a series of alleged wrongdoings by German executives recently. The former chief executive of the bankrupt Bremer Vulkan shipping group was arrested in June, and a former executive of the Klöckner-Humboldt-

Continued on Page 24

STOCK MARKET INDICES

FTSE 100	3,810.7	(-0.7)	US LUNCHTIME RATES	£ STERLING	US DOLLAR
Yield	4.10	(-0.08)	Federal Funds	5.12%	New York Lunchtime
FTSE Eurotrack 100	1,637.00	(-6.08)	3-m Treasury Bills	Yield 1.54%	DM 1.478
FTSE All-Share	1,904.95	(same)	Long Bond	100.01	FF 0.9895
Nikkei	20,551.05	(+0.28)	Yield	8.704%	SF 1.2065
New York Stock Exchange	3,774.05	(+0.37)	DM	2.2807 (2.2004)	Y 108.155
S&P Composite	460.02	(+1.23)	Brent Dated	320.03 (20.01)	DM 1.4784 (1.4644)
FTSE MONEY			FF	7.8812 (7.8401)	FF 1.2065 (1.2065)
3-m Interbank			SF	1.2063 (1.2063)	SF 1.2065 (1.2065)
Life long gilt fut			Y	108.094 (107.613)	Y 108.110 (108.108)
Sep 1997			Index	94.5	S Index 96.1 (96.2)
			London	399.7	Tokyo close Y 108.15
				(385.2)	

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NEWS: INTERNATIONAL

Kohl plans to switch tax burden

By Wolfgang Münchau in Frankfurt

Chancellor Helmut Kohl last night pledged to increase value added tax to pay for cuts in income tax, as part of a wide-ranging tax reform act in 1999. He is seeking to end controversy inside his coalition, where opinions have been sharply divided about the extent and timing of the forthcoming reforms.

In an interview with RTL, the private German television network, Mr Kohl made his first public intervention in the debate, coming out in favour of a substan-

tial shift from direct to indirect taxes. But he also said the reforms should take place in 1998, rather than 1999, as demanded by the FDP, junior coalition partner.

He said it was "too early to talk about the precise figure. But one thing is clear. This is not about a one-sided rise in VAT to enable an increase in public spending, but about a balancing of the total tax burden. One of the main problems of the German tax system is that the relation between direct and indirect taxes has got out of kilter".

He favoured an equal relation

between the two, rather than the current ratio of 60 to 40 in favour of direct taxes.

The ordinary rate of VAT in Germany is currently 15 per cent, among the lowest rates in the European Union. France's rate is 20.5 per cent and Britain's 17.5 per cent.

Mr Kohl also promised to end the controversial solidarity tax, a 7.5 per cent surcharge to help finance the cost of German unification. "I am sure that as part of the total tax reform the subject of the solidarity surcharge will be off the table by the year 2000."

demands for tax reform from various sections inside the coalition. One of the more radical proposals comes from Mr Erwin Huber, Bavaria's finance minister, who has proposed to cut the tax burden by about DM30bn (\$20m).

Within the CDU, the senior coalition partner, opinion is also sharply divided, both about the increase in VAT and about further cuts in social spending, which some of the more radical tax proposals may require.

Tax reform is a complex procedure under German law, involving federal and state legislatures.

Joyless inauguration of Russia's sickly tsar

John Thornhill witnesses a ceremony at the Kremlin that revived memories of past glories

They did not "sow" Moscow's clouds with rain-inducing chemicals this week.

The traditional means of ensuring fine weather for festival days was deemed unnecessary when, at the last minute, President Boris Yeltsin switched his inauguration ceremony indoors.

Originally planned for the glittering Cathedral Square in Moscow's Kremlin, yesterday's ceremony took place in the Soviet-era Kremlin Palace, scene of countless stultifying speeches during the Communist party congresses of old.

The change of venue reportedly saved the Russian taxpayer Rbs1bn (\$1.8m) but it also transformed the entire character of the event.

What should have been a triumphant historic occasion, the first time a sovereign Russia had ever inaugurated a democratically elected leader, turned into a rather joyless affair, lacking much colour and lasting just 17 minutes.

It was hard to avoid the conclusion that Mr Yeltsin's poor health was the reason for the change of venue. As he entered the vast hall he moved stiffly, spoke slowly and did not smile throughout the whole event. The television cameras only relayed long-distance shots of the president. He walked offstage without making his expected address.

The organisers of yesterday's ceremony had wanted to use the occasion to establish a new political tradition and set a precedent for the peaceful transfer of executive power – even if in this case it was to the same man. The stage was decked with white, blue, and red flowers

forming the pattern of Russia's post-Soviet flag.

At the start of the ceremony, stiff-backed soldiers carried three symbols of presidential power into the hall to a great fanfare. The presidential standard, a leather-bound copy of the constitution, and a presidential medal were all used during the ceremony. They will be bestowed on the next elected leader of Russia as the three official emblems of power.

The organisers, though, seemed to have rejected one magazine's suggestion that the black suitcase, carrying the secret codes to launch Russia's nuclear arsenal, should have been added as a fourth.

Mr Yeltsin himself was only called upon to read a short oath promising to defend the constitution and

have the presidential order hung around his neck. "I swear, in exercising my authorities as president of the Russian Federation, to respect and protect human and civil rights and freedoms, to observe and protect the constitution," he said, reading haltingly from an autocue.

Inevitably perhaps, given Russia's rich and tragic history, yesterday's event echoed with past associations.

The most immediate was what happened in the same hall five years ago when Mr Yeltsin was sworn in as president of Russia for the first time – although back then it was as the head of one of 15 constituent republics of the Soviet Union.

On that occasion Mr Yeltsin struck all present with his purposefulness and vigour. The inauguration came just weeks before Mr Yeltsin's finest hour when he faced down the hardline communist coup of August 1991, hastening the death throes of the Soviet Union.

Mr Mikhail Gorbachev, the last Soviet president, had been on hand to congratulate the second president in the land.

But, in a sign of the lingering personal animosity between the two men, Mr Yeltsin did not even invite Mr Gorbachev to this year's ceremony.

Yesterday's celebration also consciously harked back to the pre-Soviet era when generations of tsars were crowned within the Kremlin's red walls.

The tsarist emblem of a two-headed Russian eagle was borne on the presidential standard. Stirring music from Glazunov's *A Life for the Tsar* was played. The head of

the Russian Orthodox Church was on hand to bless the new leader, just as his predecessors had prayed for the new tsars.

"Just as there is no greater power on earth than the tsar's power, so there is no greater or more difficult burden to bear than the tsar's duties," the head of the Russian Orthodox Church had told Nicholas II when he became the last tsar to be crowned exactly a century ago.

Prince Gavril Romanov,

the tsar's cousin, who attended that five-hour coronation, wrote that the golden interior of the Uspensky cathedral, the magnificent vestments of the clergy, and the lovely music gave the

ceremony "a deeply mystical character". "Everything was so beautiful that it cast into the shade anything that I had ever seen," he recalled.

But Tsar Nicholas's coronation was later marked by tragedy and bloodshed. More than 1,000 revellers were crushed to death at Khodynka field where they had gathered to receive free food, and mementoes.

As fireworks lit up

Moscow's sky last night, many Russians' thoughts must have turned to the more deadly explosions that have rocked the Chechen capital of Grozny in the past few days leaving, according to news agency reports, scores of civilians and more than 100 federal troops dead.



Tsar Nicholas: coronation was marked by magnificence and tragedy

Hulton Deutsch

Spain denies criticism of German policy but report hits bonds and peseta

Discontent rumbles round Bundesbank

By David White in Madrid and Samer Iskandar in London

The Bank of Spain yesterday sought to play down an apparent attack on the German Bundesbank's interest rate policy. A quarterly economic report by the Spanish central bank said the Bundesbank's decision last month not to lower a key interest rate had added to the unsettled state of currency markets.

In reaction to the report, Spanish bonds fell by two-thirds of a percentage point while the peseta slipped to around 85.20 against the D-Mark, from 84.95 on Thursday afternoon.

Observers in London described the incident as "unfortunate". It reflected

the increasing frustration of European central bankers with German monetary policy," said one economist.

The effects of the misunderstanding on the market were also amplified by the timing: less than a month ago, President Jacques Chirac aired his dissatisfaction with the high level of French and German interest rates. Economists believe this succession of events could create the impression that there is a malaise between independent central bankers, whose main objectives are domestic economic stability, and European government officials who have a strong political commitment to European monetary union.

However, a Bank of Spain spokesman insisted yesterday: "This is not a criticism." The comment was a description of how markets

reacted and was not meant as a judgment on the Bundesbank's policy, he said. "What it notes is a fact."

The comment referred to widespread market expectations that the German central bank would cut its securities repurchase rate on July 29 in an effort to shore up a weak US dollar and help the German economy. But the rate, which was last changed in February, was held at 3.30 per cent.

The Bank of Spain report said the unchanged German rate "far from alleviating the tension that had been created contributed to maintaining an atmosphere of greater instability".

It added that this instability had led to "a certain slowdown" in the reduction of Spanish market rates, following a series of cuts in the Bank of Spain's benchmark

rate. Its last cut, from 7.5 to 7.25 per cent, was in early June.

Market analysts in Madrid dismissed the idea that Bank of Spain governor Luis Angel Rojo might have intended a public challenge to the Bundesbank. "They wouldn't dream of doing that," said one.

But a senior economist at a US investment bank in London said: "Notwithstanding the (Bank of Spain's) intentions, the Bundesbank is hoping for 2.3 per cent growth this year, after 3 per cent in 1995."

The report, meanwhile, warned of a "worrying" increase in Spanish labour costs. It said the growth in unit labour costs so far this year was out of keeping with the progress made in containing price inflation and with the country's continued high rate of unemployment.

Elsewhere in its report, the Spanish central bank said economic growth appeared not to have picked up in the second quarter, estimating a year-on-year rate "not departing significantly" from the 1.9 per cent registered in the first quarter.

However, it indicated that private consumption was showing a "more sustained tone". The three-month-old conservative government is hoping for 2.3 per cent growth this year, after 3 per cent in 1995.

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France, chairman of the official banking regulator and former head of the treasury, in which role he helped supervise decisions taken by Credit Lyonnais.

He also stressed that, while in the government, he had been the first to warn Mr Haberer in September 1992 to make no further investments without his permission.

In the past, politicians have not failed to exploit the possibility of criminal action in relation to Credit Lyonnais to serve their causes.

Mr Jean Arthuis, the present economics and finance minister, said on Thursday that he had sent a file to the justice ministry to see

whether there was a legal case to be answered at board level for a failure to control subsidies.

The justice ministry said yesterday it expected to make a decision within about a week on whether there was a case to answer, in which case it could appoint a new judge to open a formal investigation in addition to 42 cases which are already under way.

Mr Arthuis' action came after officials said he had received new information in July from the Cour des Comptes, the public accounts watchdog, relating to allegations that the accounts presented in a subsidiary were false during 1991-1993.

However, Mr Sapin highlighted the fact that the

announcement was being made shortly ahead of half-year results for Crédit Lyonnais and related decisions "which are likely to be costly for the taxpayer".

He was referring to the increasing speculation that the government is preparing to substantially overhaul the restructuring plan negotiated last year for the bank, which is proving extremely costly. Some believe that all future costs to the bank of funding the rescue will be waived.

Mr Sapin, a former member of the Bank of France's monetary policy committee, also played down suggestions that the latest threatened legal action would focus on Mr Jean-Claude Trichet, head of the Bank of

France, chairman of the official banking regulator and former head of the treasury, in which role he helped supervise decisions taken by Credit Lyonnais.

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For example, former prime minister Edouard Balladur promised tough action early last year during his presidential campaign bid, although there have been few results to date.

Sapin sees bank case 'smoke screen'

By Andrew Jack in Paris

A senior French politician

yesterday suggested that

government calls to pursue

criminal action against

former top directors of Crédit

Lyonnais, the state-con-

trolled bank, were a "smoke

screen".

Mr Michel Sapin, econo-

mics minister in the previous

Socialist administration, said

on radio that he was "a little surprised" the government

had decided to act now, nearly three years after Mr

Jean-Yves Haberer, the

bank's one-time chairman,

had been forced out of office.

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For example, former prime minister Edouard Balladur promised tough action early last year during his presidential campaign bid, although there have been few results to date.

■ Italy's inflation in July slowed to an annualised 3.6 per cent from 3.9 per cent the previous month, according to the state statistics institute.

The improvement was better than expected. July's consumer price index was 0.3 per cent higher than in June, which showed a 0.1 per cent rise

on the May level. In west Germany alone, consumer prices rose 1.3 per cent in July over the same month a year ago, against 1.2 per cent in June. The east German year-on-year increase was 3 per cent (2.6 per cent in June), stemming mainly from higher rents and tourism charges.

■ Andrew Fisher, Frankfurt

■ Portugal's consumer prices rose 0.3 per cent in July, after edging down by 0.1 per cent in June and showing no change on July last year.

INTERNATIONAL NEWS DIGEST

US wholesale prices flat

الإمام الأعظم

NEWS: INTERNATIONAL

Perot answers a longing for choice

Patti Waldmeir in Macomb County where mavericks win votes

It is increasingly rare to find a voter in America who regards either mainstream presidential candidate with enthusiasm. Some will vote reluctantly for Mr Bob Dole, and others will opt despicably for President Bill Clinton. But many, perhaps most voters, wish silently or volubly for a different choice.

They are the stuff of dreams for Mr Ross Perot, whose Reform party – the first serious national third party to emerge in America in decades – begins its presidential nominating convention tomorrow in California. The ultra-wealthy Texan will duel for the nomination with Mr Richard Lamm, former governor of Colorado, at a kind of cyber-convention with a small central gathering broadcast live to meetings across the country by closed circuit television and computer modem. By next Sunday, Reform party voters will have chosen – by e-mail, post and telephone – their nominee.

Such voters are as easy to caricature as Mr Perot himself in their more extreme and quotable forms they are the drop-outs of American political life, convinced that there is a national conspiracy of special interests to subvert the country's democracy, not to mention an international plot by America's trading partners to

He will be irrelevant unless the gap between Mr Clinton and Mr Dole narrows considerably

Perot (he won 22 per cent of the county vote and 19 per cent nationally).

Earlier this week, when a dozen of the Reform party faithful gathered at the Macomb County library, I asked why they wished to vote for a party which could not win, and a candidate whose behaviour could most charitably be described as erratic. Some said simply that they wanted more choice – adding that nothing is more fundamental to

democracy, nor more crucially absent from American political life.

Others said they wanted a party which would tackle the hard issues of social security and Medicare (social health insurance), which lurk in the shadows of the political debate but are almost never mentioned by polite candidates in public. One young man, an engineer, said he would vote for reform simply because he was still young enough to believe such a thing was possible.

Some in the room were extreme economic nationalists, not an unusual breed in a car industry town where

the labour unions are dominant and free trade is viewed as a scam to defraud American workers. But many others could only be described as centrists: fiscally conservative, socially moderate or even liberal, seekers of a middle way.

It may be too soon to say whether Mr Perot – the Reform party's almost certain nominee – can convince millions of such voters that he is the third way. According to two opinion polls pub-

lished on Thursday, his support has fallen to only 10 per cent nationwide. In 1992 he inadvertently delivered some crucial states (such as Michigan) to the Democrats by taking votes from former President George Bush. Today, according to the latest polls, he would be irrelevant to the outcome unless the gap between Mr Clinton and Mr Dole narrows considerably.

Mr Clinton would sacrifice some voters to the home-spun Texan – some Democrats, and some independents and Republicans who plan to vote for him because they cannot bring themselves to choose Mr Dole. Polls show that there are fewer Dole voters than there are Republicans, a sure sign that some party members plan to abstain or vote for Mr Clinton. But Mr Perot would also split the anti-incumbent vote, taking away votes from Mr Dole as well. Either way, Mr Clinton would win handsomely.

Those figures may change, once Mr Perot starts spending money promoting his candidacy. He spent more than \$60m on the 1992 campaign; this time he has yet to pay for his first so-called "infomercial". But he may find it harder to sell his revolutionary message now – because the other parties have stolen his revolution. Some of his favourite 1992



Perot: nationwide support fallen to 10 per cent

campaign issues – especially deficit reduction and welfare cuts – have been colonised by his rivals.

Back in Macomb County, this is seen as a victory. "We WANT them to steal our issues," said Mr Don Apfel of the county Reform party. "You have to give Perot credit for getting the dialogue changed at national level. The president is now talking about the deficit and the debt, and when Dole promises tax cuts, people

ask about deficit reduction. That's because of Perot."

But many voters do not choose so tactfully.

They act out of anger at the main parties, frustration at gridlock in Congress, and fury at their politicians' failure to deal with fears that the federal budget deficit and looming bankruptcy of the social security system will blight America's future. Ross Perot may well again be the candidate of the angry middle.

Sumitomo NY commodity link severed

By Emiko Terazawa
in Tokyo and Kenneth Gooding in London

membership, but said the brokerage affiliate, set up in 1991, had generated very little revenue because it was not very active.

The Winchester Commodities group, which acted for Sumitomo in the copper market, confirmed houses in Hampshire searched this week by the UK Serious Fraud Office and City of London police belonged to Mr Charles Vincent, husband to the wife of Mr Ashley Levett.

Mr Vincent and Mr Levett are joint owners of Winchester, which last year paid them £15m (\$23.4m) each because of copper trading successes, but are no longer directors as they live in Monaco for tax reasons.

In a recent interview with the Financial Times, Mr Levett and Mr Vincent insisted they would give every assistance to regulators probing the Sumitomo affair. "We're very much here. We're not lying under a paving stone in Monaco," said Mr Vincent. They also suggested Mr Hamanaka was not acting alone, and that important copper trades were approved at board level by Sumitomo.

The trading house is putting together a 50-strong team, including legal and accounting experts from the US, to investigate the affair.

The following conversation was cited as an example of Nasdaq traders agreeing to delay the reporting of a sale and disguise it from a customer:

Trader 1: I just sold 25 at 14. 1% for any part of whatever you want.
Trader 2: Oh, that's **** beautiful, buddy.
...
Trader 2: ... I'd love to sell you 10, I can you one.
Trader 1: I bought 10 at 14, and don't print it for me.
Trader 1: ... for a few minutes, 'cause I told the guy I'm just making a sale out of the blue. Alright?
Trader 2: ... 14. 1% point after the bell.
Trader 1: Thanks, bud.

Nasdaq dealers come under SEC scrutiny

By Richard Waters
in New York

Transcripts of the hurried, off-hand and often obscene telephone conversations between dealers in the financial markets never make very edifying reading. Often they betray a casual disregard for customers and a lack of care over the regulatory fine print that governs how markets should operate.

Even by these standards, though, the dossier built up by the Securities and Exchange Commission during its two-year investigation of the Nasdaq, the US's second biggest stock market, makes for disturbing reading.

Among the jargon and the obscenities was widespread evidence, the SEC said, of a disregard for both the regulations of the market and the US's federal securities laws.

Among common transgressions, the market's dealers collaborated to maintain wider spreads between prices at which they would buy and sell shares than would have been the case under a fully competitive market, boosting their profits and making trading more expensive for investors.

The result was a typical spread of 5% for most stocks traded on the market, when a spread of 2% would have more accurately reflected what the SEC called "natural economic forces". Traders who stepped out of line and quoted narrower spreads, creating something known as a "Chinese market", were subjected to harassment.

Other common practices involved dealers co-ordinating the prices they quoted on the Nasdaq's screens, which showed the price at which they would buy or sell shares; failing to honour prices they had quoted when an investor wanted to trade; and deliberately delaying reporting their trades to the market authorities in order to keep information about the level and price of trades from customers and competitors.

In one conversation, contained in the SEC's report late on Thursday laying out the shortcomings, one dealer asked a rival to raise his price on the Nasdaq screen.

And lawyers who are seeking class action status for a lawsuit on behalf of investors in Nasdaq shares will be likely to push ahead with their own actions against wayward dealers.

want it going... Just go up there, okay? Trader 2: I'm going it, cuz.

At another point two dealers are quoted discussing a move by some firms, in the summer of 1994, to narrow their trading spreads on a handful of big Nasdaq stocks to 5%.

That had followed much publicity given to an academic study which claimed spreads were maintained at artificially high levels, which in turn prompted the SEC's probe.

"It's the end of the business," one trader is quoted as saying. "It's the end of your profits. If you make \$60 a month, you gonna make \$40 a month." The other replies: "I'm **** sitting here with a knot in my stomach you can't imagine."

Failure of the National Association of Securities Dealers – the self-regulatory body regulating the Nasdaq market – to prevent abuses led the SEC to conclude that "significant changes to NASD and the Nasdaq market are warranted".

Some of those changes have already been made.

In consenting to the publication of the SEC's report this week – while, in the nature of such settlements, neither admitting nor denying any of its findings – the body also agreed to further remedial action.

This will include spending another \$100m over the next five years to improve its systems for market surveillance, and to recruit more people to enforce its rules.

For individual Nasdaq dealers, meanwhile, the SEC's report is likely to bring new regulatory probes and intensification of legal actions already under way. The dealers avoided a criminal indictment recently when they reached a settlement with the justice department which will require, among other things, more frequent taping of dealers' conversations.

However, the new head of the NasD's regulation division, Ms Mary Schapiro, who made her name as a zealous regulator of Chicago's free-wheeling futures markets, is likely to push ahead with her own actions against wayward dealers.

And lawyers who are seeking class action status for a lawsuit on behalf of investors in Nasdaq shares will be thumbing the SEC's report with glee.

HALF YEAR

At constant rates of exchange sales increased by 8% to £16,493 million over the corresponding period of last year. Operating profit rose by 2% to £1,245 million. Before exceptional charges operating profit improved by 15%.

In the half year, net exceptional charges within operating profit were £108 million, compared with a positive net exceptional gain of £26 million in the first half of 1995. The planned restructuring costs in newly acquired businesses, notably Helene Curtis, account for £50 million of the costs charged to operating profit this half year*. The balance of \$48 million relates to restructuring in our existing operations and includes the costs on disposal of low margin businesses. Net profit decreased by 4% to £580 million, with interest and tax costs higher than last year. At exchange rates current for each period, net profit fell by 3% in sterling and guilders and by 7% in US dollars.

BUSINESS PERFORMANCE

The trading environment in the various parts of the world in which we operate remained substantially unchanged. In Europe sales levels were maintained in the face of weaker demand in underlying economies. In Europe overall sales were flat. Underlying margins improved further in personal products and in our food business. This improvement was due to cost reductions and portfolio rationalisation, as we disposed of low margin businesses, primarily in meat. Reported profits were unchanged despite the continuing impact of the BSE affair, the costs of ongoing restructuring and losses on disposals. Highlights included sales growth in beverages and prestige fragrances. In fabric

RESULTS

	Half Year (unaudited)	1995	Increase/ (Decrease)
At constant 1995 exchange rates			
Turnover	16,493	15,243	8%
Operating profit	1,245	1,224	2%
Profit before taxation	1,125	1,120	-1%
Taxation	(412)	(583)	
Minority interests	(33)	(25)	
Net profit	680	712	(4)%
At exchange rates current in each period			
Profit before taxation	1,130	1,115	1%
Net profit	684	708	(3)%
Combined earnings per share per £p of ordinary capital	36.50 p	37.95 p	(3)%

detergents our position remained difficult in declining markets. In specialty chemicals there were signs of strengthening demand.

In North America a number of factors contributed to the increase in sales. Most significant were the contributions of the acquired businesses, Helene Curtis, Diversey and Gortons. As anticipated, the action taken in our beverages and culinary operations at the end of last year to reduce stocks in the trade had a positive effect on sales in the first half of 1996. Sales increased in margarine, fabric detergent liquids and personal washes.

The reported improvement in profit reflects increases in margin and detergents and the benefit from the elimination of year-end trade loading in food. Margins improved despite the short term effect of restructuring charges in Helene Curtis as a result of cost reduction programmes.

In Africa and Middle East sales increased well, led by detergents and a good contribution from our newly acquired businesses. Profit growth was modest. Market conditions improved in the region towards the end of the period.

Asia and Pacific recorded good sales growth in all categories, particularly in India, Indonesia and China. Profits grew most strongly in detergents and personal products but this performance was more than offset by post acquisition restructuring costs for the local Helene Curtis operations and continuing investment in new markets.

In Latin America sales growth was excellent and widespread across the region. The performance of our Brazilian business was particularly noteworthy. Profits in ongoing businesses improved faster than sales. Reported profits included a loss on the disposal of an oil milling business in Brazil.

SECOND QUARTER At constant rates of exchange sales improved 9% to £8,804 million over the corresponding quarter last year. Operating profit fell 5% to £681 million.

In the quarter net exceptional costs of £52 million were charged to operating profit compared with a net positive exceptional gain of £14 million in the second quarter of last year. Before exceptional charges, operating profit improved by 10%.

Net profit of £562 million, expressed at constant rates of exchange, was 12% lower than in the corresponding period last year.

At exchange rates current for each period, net profit was 11% lower in sterling, 9% lower in guilders and 15% lower in US dollars.

*prior to 1995, acquisition restructuring costs were charged against profit retained in the balance sheet as part of the goodwill write-off. Last year, there were no material restructuring costs following acquisitions.

OUTLOOK

Turnover growth is expected to develop at a rate similar to that of the first six months. Excluding net exceptional charges, the positive margin development should be sustained.

CONDENSED BALANCE SHEET

£ millions	As at 30 June 1996 (unaudited)	As at 31 December 1995
Fixed assets	8,876	8,856
Stocks	4,505	4,292
Debtors	5,477	4,724
Trade and other creditors	(6,642)	(6,699)
	12,216	11,173
Net debt	3,107	1,890
Provisions for liabilities and charges	3,265	3,303
Minority interests	364	359
Capital and reserves	5,480	5,621
	12,216	11,173

Net exceptional charges in 1996 are expected to be in line with the average of previous years and therefore the charges in the second half of the year will be lower compared to the second half of last year. Reported profits for the year should therefore be ahead of 1995.

The relative exchange rates of our reporting currencies in the first six months remained fairly stable. Assuming this situation continues, the overall impact of exchange rate movements on our results for the year will be limited.

BALANCE SHEET AND CASH FLOW The main movement in the balance sheet over the half year is the increase in net debt by £1,217 million (1995: £831 million) to £3,107 million. This is due to the seasonality of the business, reaching a peak at mid year, to the payment of the final dividend in May and to acquisitions. Net gearing has risen from 34% at the end of 1995 to 35% at the end of June 1996. The position at the end of June 1995 was 30%. The higher gearing is explained by increased acquisition expenditure.

CASH FLOW STATEMENT

£ millions	Half Year (unaudited)	1995
Net cash inflow from operating activities	1,239	808

NEWS: UK

Banks prepare for effects of the euro

By George Graham,
Banking Correspondent

British banks are beginning to gear up to the prospect of having to deal with the euro as a parallel local currency, even if the UK stays outside European monetary union.

Although bankers have always recognised that even outside Emu they would have to make some changes to their systems to cope with the introduction of the single currency at the start of 1999, most have believed that

they would simply be able to treat the euro as one more foreign currency.

But the idea is gaining ground that customer demand will make the euro a very different animal from the D-mark or the dollar.

A committee of the London investment banking association warned in a report published yesterday that London financial institutions would need a euro payments system, even if, as seems likely, the UK does not take part in the first

wave of Emu. "We are not convinced that the euro can simply be treated as an additional foreign currency, accommodated through correspondent banking arrangements, without raising potential competitive implications for the City [of London]," Liba says.

"Unlike any other foreign currency, the euro would, even as a non-participant, represent the potential – perhaps likely – future currency of the UK."

The argument reflects the

belief that many UK companies which already do a lot of their business in Europe will inevitably have to price their products and invoice their customers in euros.

"A number of multinationals will use the euro extensively; the chemical companies, for instance," says Mr Graham Bishop, European adviser at Salomon Brothers, the US investment bank.

But the Liba report also suggests that pressure may build from both companies and investors for the develop-

ment of a single euro-denominated market for the largest and most widely traded European shares.

"Large UK corporates who conduct the majority of their business in Europe may prefer to be quoted on a European euro stock exchange," the report says.

At the same time, London financial markets, clearing houses and settlement systems will want to be able to compete for euro business rather than risk seeing Frankfurt or Paris develop

as the dominant European financial centre.

So long as this demand for euros remains at the high value end of the market, Emu is something the London banks ought to be able to handle. But much larger system changes would be needed if demand for euros spreads down the scale into the retail market; if retail investors buy euro shares and want to receive their dividend payments in euros, or if homeowners decide to take out euro mortgages.

Leading clubs could not choose a better time to go public, says Patrick Harverson

Who owns the Premier League

CLUB	1995 RESULTS (£m)	
Large Shareholders	Turnover	Pre-tax profit
Manchester United	60.62	20.01
Martin Edwards 17%, Marathon Asset Management 6%		
Newcastle United	24.72	-8.11
Sir John Hall owns 100% through Cameron Hall		
Liverpool	19.88	-2.75
David Moores 57%, Steve Morgan 6%		
Aston Villa	13.00	3.72
Doug Ellis will soon raise stake to 47%		
Arsenal	23.94	1.94
David Dein 29%, Daniel Fiszman 27%, Richard Carr 16%		
Everton	13.55	-0.37
Peter Johnson 50%		
Blackburn Rovers	14.07	-3.95
Jack Walker 9%		
Tottenham Hotspur	25.08	5.35
Alan Sugar 41%, Citibank 8%, Perpetual Asset Management 7%		
Nottingham Forest	10.29	-3.32
209 shareholders own 1% share each		
West Ham United	10.08	-2.74
Terence Brown 37%, John Werner 12.5%, Trustees of PHL 6.8%, Ian Gordon 6.5%, Martin Cairns 6%		
Chelsea	13.20	3.10
Russell (offshore trust) 35%, Matthew Harding 26.8%, Ken Bates 25%		
Middlesbrough	15.00	N/A
Steve Gibson 65%, ICI 32%		
Leeds United	14.75	-0.43
Acquired by Caspian, a City-based media and leisure group		
Wimbledon	10.09	0.90
Sam Hammam 99%		
Sheffield Wednesday	11.00	0.96
Seven-member board holds 20%		
Coventry City	7.19	-0.38
Several offshore and UK trusts own 55%		
Southampton	10.06	0.88
Roger Everett 29.5%, John Corbett 12.3%, Guy Ashken 6.4%		
Sunderland	5.51	-0.84
Bob Murray 57.7%, John Wood 7.7%		
Derby County	3.33	0.01
Lionel Pickering 95%, John Kirkland 5%		
Leicester City	9.70	2.46
Ken Brigstock 21%, Roy Parker 17%, John Eason 10%, Martin George 5%		

Source: Company reports/CDA/Spectrum *1995 estimate Research by Richard Brown

Shareholders set to reap benefit of football boom

England's Premier League has become the world's richest competitive football league and its owners are reaping the benefit of the sport's financial boom.

The money which has poured into the game in the past five years – from television rights, merchandising sales, gate receipts and sponsorship and advertising – has boosted profits at many clubs.

More importantly, it has led to a surge in the value of club shares. The new season – which opens tomorrow with the Charity Shield at Wembley Stadium, London – should make the sport's millionaires even richer.

The beneficiaries have been the biggest shareholders of the top clubs. Mr Martin Edwards at Manchester United, Mr Alan Sugar at Tottenham Hotspur, Mr Matthew Harding at Chelsea and Mr Leslie Silver at Leeds have seen the value of their holdings grow hugely in the past couple of years.

Several have cashed in their riches. Mr Silver received £2.4m (\$3.68m) for his stake in Leeds when the north of England club was sold last month, and Mr Edwards sold part of his family's shareholding in Manchester United earlier this year for £21m.

A club does not have to be quoted on the stock market for its owners to benefit. Mr David Moores, a member of the Littlewoods Pools family who owns 57 per cent of Liverpool, has seen the value of his unquoted shares climb to £265 each two years ago to £23,500 today.

These increases in value are persuading more owners to float their clubs on the market, thereby raising cash needed for expansion and putting a more marketable price on their shares. Newcastle United, Sunderland, Leicester and Nottingham Forest are four clubs considering a flotation and others could follow.

If the clubs do go to the market, their timing could not be better: this season's attendances and television viewing figures should climb, buoyed by the goodwill spread by the Euro 96 football competition in England in June and the attraction of more international superstars on the pitch.

The bigger audience will boost merchandising sales and lift corporate sponsorship and advertising. Most importantly, more television money will flow into club coffers from BSkyB, the satellite broadcaster which negotiated a new and more lucrative contract with the Premier League at the end of last season.

Each club faces different challenges this season, and in many

cases the ownership picture could change radically by the time the championship is settled next May.

• Manchester United: Its profits outlook is bright because of last season's triumph in winning the League and Cup 'double' and for the club's return to the European Champions' League. Mr Edwards cut his stake recently and although he has agreed to maintain the holding for a year, he may eventually sell more shares.

• Newcastle United: An £80m-£120m flotation of the club is expected to raise the money for a new stadium. Revenues will reach \$40m this year but a large pre-tax loss will be incurred because of heavy spending on players. Next year the record transfer fee of £15m for the star player Alan Shearer from Blackburn will also hit profits.

• Liverpool: Mr Moores is not keen on a flotation or giving control to an outside investor. About \$4m will be spent next year on stadium redevelopment.

• Aston Villa: Mr Doug Ellis will have 47 per cent of the shares after expected restructuring but the club says the move is not a prelude to a flotation. Further redevelopment of the stadium is planned.

• Arsenal: The board does not seem in a hurry to spend money. It rejected the idea of flotation two years ago but the issue could soon resurface.

• Everton: Mr Peter Johnson has kept quiet on the club's financial future, but neither an injection of

cash from an outside investor nor flotation seems likely.

• Tottenham: Mr Jack Walker has no plans to sell part or all of the club, which now has £15m to spend on new players from the Alan Shearer transfer.

• Tottenham: Mr Sugar has cut his stake to 41 per cent but remains committed to the club. A recent rights issue raised \$1m to increase the stadium's capacity to 36,000.

• Notts Forest: The club would like to bring a big investor on board, or could also go for flotation. However, approval of 75 per cent of the 209 shareholders is required for any change.

• West Ham: This small club is hoping to attract a big investor, but the main shareholders are not keen to relinquish complete control and flotation is not yet on the agenda, though lack of development funds might change this.

• Chelsea: Recent disagreements among club directors appear to be over for now, and much hinges on redevelopment of the stadium and the construction of a hotel-leisure complex next door.

• Middlesbrough: The club has taken a financial gamble in spending heavily on players, and needs to win trophies to justify investment in its stadium and players.

• Wimbledon: Mr Sam Hammam is looking for big investors to put money into the club, which badly needs a new home.

• Sheffield Wednesday: Finances are kept on a tight rein at a club proud of its wide local ownership. The only development planned is a football academy at the training ground.

• Coventry: The ownership picture is unlikely to change but the club wants to develop a retail leisure complex alongside its stadium on land acquired last year.

• Southampton: The club wants to build a new stadium in the city's outskirts, but needs a substantial injection of funds.

• Sunderland: It is preparing a flotation and building a £15m, 40,000-seater stadium. Mr Bob Murray recently pledged £10m for new players.

• Derby: Mr Lionel Pickering has no plans to sell a stake in the club, but is helping to finance the building of a £16m stadium for the 1997-98 season.

• Leicester: It is seriously considering a flotation to raise funds for the squad and stadium.

UK NEWS DIGEST

Jobs concern over march

Northern Ireland business leaders yesterday voiced concern at the devastating impact on jobs in the province, if today's march in the city of Londonderry is not peacefully resolved.

In a statement targeted at the community leaders trying to negotiate a agreement on the disputed parade, Mr Colin Anderson, the president of the chamber of commerce, called for statesmanship and warned "It's your future – your family's future – and your pay packet that's on the line". The unusually forthright warning came as uncertainty surrounded the plans for today's march by Apprentice Boys, the Protestant group, through this largely Catholic city. Earlier, a rare joint statement from the Confederation of British Industry, the Institute of Directors, and trade unions and chambers of commerce, said Northern Ireland was facing "a day of reckoning".

Barclay brothers

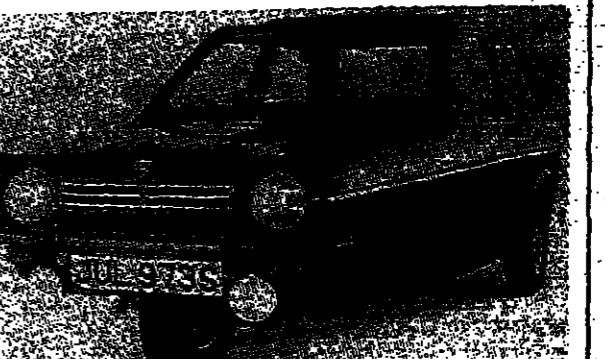
'Queen of island' case put back

The multi-millionaire Barclay brothers will have to wait to find out if they are to do legal battle with Queen Elizabeth over the constitutional position of Brecchou, their tiny Channel Island near the French coast. After five hours of complex legal argument in Guernsey's Royal Court yesterday, an application by the Crown to become a second defendant in the brothers' action against their feudal landlord, the Seigneur of Sark, was adjourned until Monday.

Philip Jeune, Jersey

ROAD TRANSPORT

Electric version of Robin planned



Reliant Motors in Tamworth, Staffordshire, is redesigning the much-maligned Robin (above) to meet international demand for environmentally friendly cars and cheap transport in holiday resorts. Two electric prototypes are being road tested in the UK and California in the United States as the lightweight Robin appears to provide a solution to the limitations of existing battery technology. Reliant has also been approached to restyle the 1970s two-seater buggy, the Bond Bug, for the leisure industry in Spain, Portugal and the Bahamas. Richard Wolfe, Staffordshire Weekend Money Page 1

LOCAL AUTHORITIES

City ordered to curb spending

The government yesterday renewed its assault on local authorities it accuses of overspending by ordering Liverpool city council to shut down part of its in-house contract workforce and setting limits on capital projects. Sir Paul Barendorf, the environment minister, accused Liverpool's direct labour organisations (DLOs) of wasting nearly £25m (\$37.4m) in 1994-95. John Kampfner, London

GAS INDUSTRY

Crunch meeting on charges

A last-ditch attempt to avoid a lengthy Monopolies and Mergers Commission inquiry into gas transportation charges will take place on Monday at a crunch meeting between senior officials from British Gas and Ofgas, the industry regulator. Mr Philip Rogerson, the deputy chairman of British Gas, is due to meet Ms Clare Spottiswoode, of Ofgas, for a final round of talks on the controversial proposals, which would cut gas transportation prices to consumers by almost a third. Robert Corrigan, London

ANTI-THEFT CONTRACT

Company targets cigarette gangs

A small north-east England company, KitTech, has won a contract worth between £174,000 and £250,000 from Philip Morris, the US tobacco group, to fit its anti-theft system to the vans used to distribute cigarettes in Moscow and the Czech Republic. Chris Tighe, Newcastle

Integration

Problems put Eve into red

By Alan Milne
BBC Business

For the first time in its history, the BBC has had to admit that it is not making a profit. The corporation's annual accounts show that it has lost £10.5m in the year to March 31, 1996. The figure is 10 per cent higher than last year's deficit. The corporation's chief executive, Peter Birt, said: "The figures are not good, but we are not surprised. We have been through a difficult period of integration with the independent channel, and there has been a significant increase in costs. The BBC is a public service, and we are determined to maintain our standards and quality of service, despite the financial difficulties we face." The BBC's financial problems are being blamed on the cost of running the corporation's new headquarters in London, and the fact that it has had to invest heavily in new equipment and staff to support its new digital services. The corporation is also facing increased competition from private sector broadcasters, particularly Sky TV, which has been growing rapidly in popularity. The BBC's financial problems are being blamed on the cost of running the corporation's new headquarters in London, and the fact that it has had to invest heavily in new equipment and staff to support its new digital services. The corporation is also facing increased competition from private sector broadcasters, particularly Sky TV, which has been growing rapidly in popularity.

By Alan Milne
BBC Business

Train crash inquiries open

as political row simmers

By Haig Simonian and John Kampfner in London

Railtrack, the privatised railway infrastructure company, yesterday said it hoped to restore services on Monday to the track between London's Euston terminus and Watford junction, scene of a fatal collision between two passenger trains.

Three separate inquiries opened yesterday into the collision, which killed one woman and injured 68 other passengers during the even-

ing rush hour on Thursday. As the inquiries – by the Rail Inspectorate, Railtrack and the British Transport police – got under way, the link between privatisation and safety was at the centre of a growing political debate.

The opposition Labour party stopped short of saying the crash was a result of privatisation, but drew attention to a recent report by the House of Commons transport committee, which noted that, while rail safety standards had improved,

more needed to be done.

Mr Glenda Jackson, Labour's transport spokeswoman, said: "There have been leaked documents, it would seem almost every week, coming from Railtrack itself, of a very clear deterioration of safety standards and now we have this very serious accident."

Sir George Young, transport secretary, said there was "no evidence that the privatisation process or the restructuring of the railways has in any way diminished the safety record".

OBITUARY: Sir Frank Whittle

Jet pioneer who changed world of aerospace

Sir Frank Whittle,

Concern
match

COMPANIES AND FINANCE

Black and Radler to head Southam

By Bernard Simon
in Toronto

Mr Conrad Black has tightened his grip on Southam, Canada's biggest newspaper chain, by installing himself as chief executive and his trusted lieutenant, Mr David Radler, as deputy.

The move is another sign of Mr Black's switch in focus from the UK's Telegraph group, which he recently took private, to North America. Mr Black, who is Canadian, has spent less time in London since a row two years ago over a Telegraph share issue, which was concluded just a month before the Daily Telegraph cut its cover price.

Over the past year, Mr Black has moved from a being a relatively minor force in the Canadian newspaper market to by far the biggest. He now controls about 43 per cent of Canada's daily newspaper mar-

ket, measured by circulation. Hollinger International, a holding company controlled by Mr Black, raised its stake in Southam this year from 20 per cent to 41 per cent by acquiring shares held by Power Corporation, the Montreal-based conglomerate.

Mr Black wants to lift Hollinger's interest to at least 50 per cent as soon as possible. But his plans have been delayed by turbulence on financial markets and a reluctance among other large Southam shareholders to sell.

Southam owns 21 papers, including the main dailies in Vancouver, Edmonton, Calgary and Ottawa, as well as the Montreal Gazette. Hollinger has also bought several dozen smaller papers over the past year from Thomson Corporation, the international travel and publishing group.

Mr Black has taken over at Southam following the abrupt retirement of former chief executive Mr Bill Ardell.

Day-to-day management has passed to Mr Don Babick, former head of Southam's Vancouver papers, who becomes president and chief operating officer.

The moves come less than a month after Mr Black, who is also Southam's chairman, replaced five directors, whom he accused of obstructiveness.

Mr Black and Mr Radler are expected to step up pressure for cost reductions in Southam's operations, including a smaller head office. Southam has sold most of its non-newspaper interests in recent years.

The new proprietors are also expected to devolve more authority to individual newspaper publishers, reversing a trend under Mr Ardell. Southam was for many years a somewhat stodgy family-controlled business known for its strong-willed publishers.



David Radler: becomes deputy chief executive to Conrad Black

Heinz warns of first-term shortfall

By Richard Tomkins
in New York

Shares in H. J. Heinz slipped \$2 to \$33 in early trading yesterday, after the US food group warned a meeting of food industry analysts in Dublin that their earnings forecasts for the quarter just ended were looking over-optimistic.

Heinz said earnings per share for its fiscal first quarter to July would be up on last year's 46 cents, based on net income of \$174.5m, but slightly below current forecasts of about 51 cents. Analysts were yesterday revising their forecasts downwards to about 48 cents.

Last year's earnings per share figure is adjusted for a 3-for-2 stock split in November.

Heinz said the shortfall had been caused by the implementation of a company policy to reduce the impact of quarterly sales loads, a term used to describe a US food industry practice of increasing volumes at the end of the quarter by offering discounts to retailers.

Mr Anthony O'Reilly, chairman and chief executive, said Heinz was determined to control the high cost of end-of-quarter sales loads, in order to reduce working capital and production costs. Discontinuation of the practice would mean a short-term reduction in sales, but should result in better returns on capital and greater efficiency.

Mr O'Reilly said Heinz continued to expect double-digit earnings growth for the full year.

Last quarter the group's operating income slipped by 5 per cent to \$306m, but a sharp fall in the tax charge enabled the company to report a 7 per cent increase in net profits, to \$170m.

Integration problems put Eve into red

Eve Group, the UK building and engineering concern, blamed problems in integrating recent acquisitions for a sharp reverse in the red in the year to March 31.

Pre-tax losses amounted to £4.8m (profits of £2.9m) despite turnover rising 36 per cent to £21.8m.

The losses, foreshadowed in a warning in February, came in the group's electrical contracting subsidiaries, where extensive restructuring has been carried out and new management installed. The rest of the group remained profitable.

Mr Roger Ames, chairman, said because of the losses net assets had fallen by £2.6m to £17.9m, and there had been a net cash outflow of £6.6m. He added: "Having taken remedial action, our management accounts for the first quarter show that the group has returned to profit."

Mr Ames, 69, announced that he intended to retire during the current year. Mr Peter Adams, finance director, resigned on Thursday, to be replaced by Mr Corrie Halliday as acting finance director.

IPO values Hambrecht & Quist at \$355m

By Richard Waters
in New York

Hambrecht & Quist, a San Francisco-based investment bank which has specialised in bringing companies from Silicon Valley to the stock market, has completed a public offering of its own shares in the face of a slowdown in its core business.

The bank said it had sold 3.5m shares, equivalent to 16 per cent of its outstanding stock, for \$16 each, valuing the bank at \$355m. That was

less than H&Q had hoped to raise when it first decided on going public earlier this year, a time when the US stock market - led by the technology sector - was soaring to new records almost daily.

However, the completion of the deal in the face of more volatile market conditions still marks a success for a company whose business has relied heavily on being able to raise equity capital for its customers.

The timing of the offer

was aided by a sharp recovery in share prices in the two weeks since the bank published its prospectus.

Since it was founded in 1968, H&Q has ridden two booms in the equity market's enthusiasm for companies in high-tech industries. In the early 1980s, the bank played an important role in taking companies like Apple Computer and Genentech, the biotechnology group, to the stock market.

More recently, it has benefited from Wall Street's fitful fervour for Internet companies, including Netscape.

H&Q's active role in the underwriting business enabled it to report investment banking revenues of \$130m in the nine months to end-June, compared with \$39m the year before. That led to a jump in net income from \$29m to \$70m.

Although it has brought many of its customers to the Nasdaq stock market - including such giants of the technology industry as Microsoft and Intel - H&Q

has opted to list its own shares on the New York Stock Exchange. The bank indicated that the decision reflected the fact that all other quoted US investment banks are listed on the Nasdaq, rather than Nasdaq.

Coincidentally, it emerged earlier this month that America Online - whose chief executive, Mr Steve Case, is the brother of Mr Daniel Case, H&Q's chief executive - was planning to shift its listing from Nasdaq to the NYSE.

Eurotherm reappoints SBC Warburg

By Tim Burt

Eurotherm, the UK industrial controls manufacturer, yesterday said that SBC Warburg had been reappointed as the company's brokers following the resolution of its month-long boardroom split.

Warburg - which resigned in protest at the dismissal of Mr Claus Hultman as chief executive - had been invited back following Mr Hultman's reinstatement and the appointment of Sir James Hann as the new chairman.

Senior Eurotherm officials, meanwhile, hinted that the group was reconsidering its relationship with ING Barings, its financial advisers.

Barings, which advised the board over the removal of Mr Hultman, was criticised by one company insider for exacerbating the boardroom split over managerial responsibility and future strategy.

Eurotherm's new chairman, however, is understood to have told the merchant bank he was not contemplating making any changes in the immediate future.

Barings refused to comment. "We don't discuss our relationships with clients," it said.

Its advisory role came under scrutiny after Eurotherm's non-executives voted last month for Mr Hultman's removal, claiming he was demanding to be made executive chairman - a suggestion he has repeatedly denied. That prompted a storm of protest from institutional shareholders, who regarded the Swedish-born director as the architect of Eurotherm's revival and

pressed for his return.

One insider said the row had been fuelled by differences between Mr Jack Leonard, the former chairman, and Mr Hultman over the company's future direction. "The dispute made it more and more difficult for operating managers to pursue expansion plans," according to the official, who asked not to be named.

The chief executive was said to be interested in strategic alliances and the possible acquisition of complementary products.

Honeywell and Rockwell have been touted as companies which could establish a business partnership with Eurotherm. The company stressed, however, that such alliances and bolt-on acquisitions were just some of the options which are being considered.

Industry analysts believe it could spend about £100m on acquisitions or new plant and machinery without overstressing the balance sheet. It ended the first half with cash of £38.7m.

Boosey - the mouse that roared at Disney

By Alice Rawsthorn and David Blackwell

Boosey & Hawkes, the UK musical instrument maker and publisher, might look Mickey Mouse-sized to Disney - but yesterday it claimed a victory in the US courts over the entertainment giant's use of Stravinsky's *The Rite of Spring* in the video of *Fantasia*.

Disney also claimed to have won the case, arguing that the "logic and sequence" of the ruling meant that it was free to continue to use the music on the video.

The verdict did not address the issue of financial compensation for Boosey. The UK company claimed

damages of \$200m (£128m) when it began the case in 1993, but to secure compensation it will have to file suit against Disney in every country where *Fantasia* is sold, and even if it won, its eventual pay-off could be much less than \$200m.

However, Boosey's shares soared yesterday for the second time in a week, rising 65p to 798p. The shares have risen by 130p since Tuesday's news that the company was acquiring Rico International, a leading US saxophone and clarinet manufacturer, for £17.9m.

Mr Anthony Fell, managing director of Boosey's publishing interests, said it would decide "within the next few days" how to pursue

its legal fight against Disney. He said it was prepared to go to court in other countries.

The Boosey case is one of several lawsuits brought against Walt Disney and other Hollywood movie studios regarding the use of copyrights in the video versions of their films.

Peggy Lee, the US singer, won a similar case against Disney in 1991, when she secured \$2.3m in damages over a video of *The Lady Is A Tramp*. Ms Lee claimed that her original agreement with Disney, for which she was paid \$3,500 in 1955, did not include copyright arrangements for video. Boosey based its case on a similar argument.

Mr Fell said Boosey had sued Disney as part of a policy of taking legal action whenever it suspected its copyrights were being breached.

Even if Boosey goes on to secure a financial settlement from Disney, it is not clear whether its case will set a legal precedent as the details of individual copyright agreements differ so widely.

Acquisitions help CIA double to £3m

By Justin Marozzi

New business wins and acquisitions helped CIA Group, Europe's second largest independent media buyer, double first-half pre-tax profits.

Mr Chris Ingram, chairman of the UK group, said the rise from £1.6m to £3.1m in the six months to June 30 came on the back of a "phenomenal" run of acquisitions in 1995. Predominantly organic growth lifted turnover 56 per cent to £379.4m.

He stressed, however, that the outcome should not be taken as indicative for the full year - although clients were spending more money, the phasing of billings was not even.

Mr Tim Steer, of house broker Merrill Lynch, said the group's activities in Italy had contributed "in major way" to growth. CIA was also benefiting from increased barriers to entry.

Because the market had become increasingly global, clients required greater planning and international co-ordination of their media buying. "They have become much more sophisticated in their demands," he said.

Mr Ingram said its "embryonic" Asia Pacific network was trading at a loss but prospects were good. CIA had been one of the first to enter the region three years ago and was continuing to expand on a "controlled risk basis".

Mr Steer said the European and Asian markets were each worth £50bn a year. Europe was growing at 4.3 per cent but Asia was advancing at 9.6 per cent.

An interim dividend of 0.5p (0.4p) is payable from earnings per share of 2.96p.

Forecast pre-tax profits for the year of £7.2m give earnings of 7.8p and a prospective p/e of 21.9.

The shares rose 4p to 171p.

Cardcast and Card Clear plan merger

By George Graham,
Banking Correspondent

Card Clear and Cardcast, head to head competitors in the credit card fraud prevention market, are in merger talks.

of the two, with a pre-tax loss of £372,000 last year on turnover of £778,700, and a net profit in the first half this year of £205,000, on turnover of £305,000.

Cardcast, however, has two years of profits behind it with £482,000 net in 1995 on sales of £3.8m. In the first half this year, helped by lower financing costs after the AIM float allowed it to repay debt, Cardcast made £401,000 pre-tax on turnover of £1.76m.

But Card Clear's shares have outperformed its larger rivals, and its market capitalisation now stands at £20.3m to Cardcast's £14.3m.

Although Cardcast has signed new contracts with outlets such as Tesco and Esso, it was recently rapped on the knuckles by the Stock Exchange for announcing a two-year contract to provide hot card files to Crédit Mutuel, the French bank, which had not in fact been signed.

Card Clear is the smaller

company in terms of sales, after Glaxo Wellcome of the UK and Merck of the US.

It was formed by the three-way merger last year of Roussel Uclaf, Marion Merrell Dow of the US and Hoechst Pharma. Hoechst bought Marion Merrell Dow last year for \$7.1bn.

Hoechst Pharma will be legally incorporated in HMR around July 1 1997, after Hoechst shareholders approve the move at their general meeting.

Mr Jean-Pierre Godard, chairman of Roussel Uclaf, the French company that is part of HMR.

This is the clearest evidence yet that Hoechst, Europe's biggest chemicals company, intends to spin off all or part of HMR, Europe's second-biggest pharmaceuticals company by sales.

Hoechst last month announced the separation of its German pharmaceutical and chemical businesses, as a step towards the planned spin-off of the global pharmaceutical business.

The group hopes to complete the operation by the end of April next year, so that it can ask shareholders to approve the establishment of the German drugs arm as a separate legal entity at its annual meeting next May.

Hoechst has already established its drug businesses in the UK, Italy and the US as separate legal entities. However, these businesses were largely free-standing operations gained through acquisitions.

Hongkong Land in HK office buy

By John Riddings
in Hong Kong

Hongkong Land, the property arm of the Jardine Matheson group, is to invest US\$200m in an office site on the east side of Hong Kong island, the company announced yesterday.

The deal is the Jardine group's biggest investment in the Hong Kong property market for more than 10 years. It follows the acquisition of a smaller residential site by Hongkong Land a few weeks ago.

Jardine Matheson had sought to diversify its interests and reduce its dependence on Hong Kong, prompting a series of acquisitions in Europe and other Asian markets. But Mr Percy Weatherall, managing director of Hongkong Land, said the latest investments should come as no surprise, following the group's bidding in several recent property projects.

The investment in the new site is relatively small by the standards of many Hong Kong property projects. But it reflects an upturn in the sector and confidence about prospects after the territory's handover to China next year. Property analysts said

that Hongkong Land is cash rich, with a strong balance sheet, and is looking to expand its investments.

Under the terms of the agreement, Hongkong Land is to buy the Crown Motors building from Pacific Century, the property company managed by Mr Richard Li, son of Mr Li Ka-shing, one of the territory's wealthiest tycoons. The Jardine property group will then develop an office building of about 300,000 sq ft, which is expected to be completed by 2000.

Mr Weatherall said the office block in Quarry Bay - one of Hong Kong's fastest developing areas - would complement the company's existing properties, which are mainly in the island's Central district. Hongkong Land owns and manages about 5m sq ft of office and retail space in the Central district, making it one of the territory's largest landlords.

The company is part of a consortium to develop Hong Kong's new container port, a project which is now set for final agreement after years of diplomatic and commercial wrangling.

Mr Weatherall said the group was also examining other projects in Hong Kong and the region.

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COMPANIES AND FINANCE

Cost of integrating acquisition takes its toll on consumer group Unilever flat at £1.12bn

By David Blackwell

Unilever reported flat first half profits after taking restructuring costs of £50m to cover integration expenses for Helene Curtis, the US maker of shampoos and other personal products acquired in February.

The Anglo-Dutch consumer goods group reported unchanged pre-tax profits of £1.12bn for the six months to June 30. Sales in the period rose 8 per cent to £16.5bn.

Sir Michael Perry, who is handing over the chairmanship to Mr Niall FitzGerald on September 1, said turnover was expected to continue growing at a similar rate in the second half. Over the full 12 months net exceptional charges of £220m last year would be in line with the average of previous years, leaving reported profits for the full year ahead of 1995.

Analysts left full-year forecasts unchanged at about

£2.5bn, compared with a previous £2.32bn. The shares closed yesterday at £12.43, down 6p.

Operating profits excluding exceptional items were 10 per cent higher in the second quarter and 13 per cent ahead for the half year, the group said. It described its trading environment as "substantially unchanged".

The group has made 24 acquisitions and 15 disposals so far this year, at a net cost of £1.1bn. Helene Curtis, bought for \$770m (£393.5m), lifted sales by 10 per cent in the second quarter and the future following reorganisation was "looking very good", the group said.

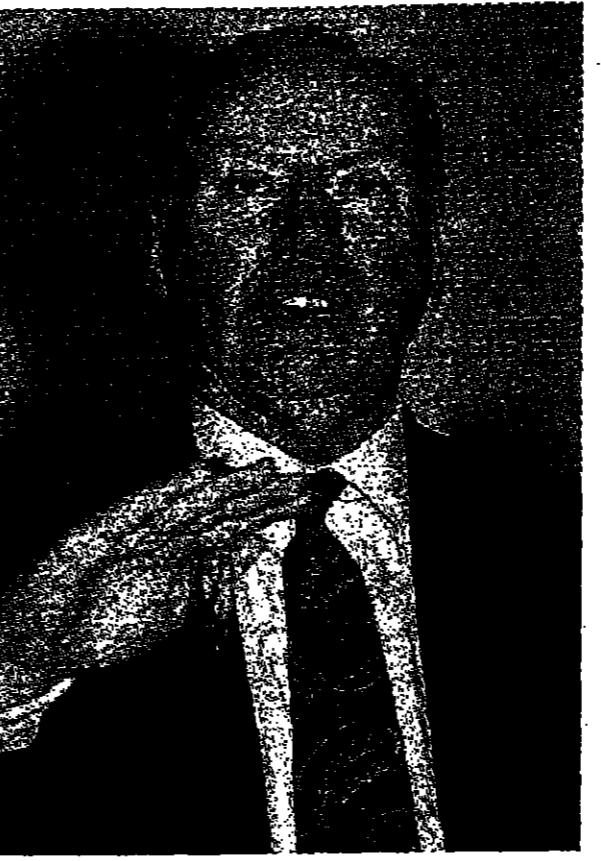
Second-half exceptional costs will include a figure estimated at another £50m for the reorganisation of Diversey, acquired in January from Molson for £975m (£364.4m) and which has made Unilever the world's second largest producer of industrial cleaning products.

In Europe, improvements from the continuing disposal of low-margin businesses was masked by the continuing impact of BSE, which has so far cost the group a total of £21m. However, margins were held at 9.8 per cent despite a lack of improvement in the French and German economies. European operating profits were flat at £650m.

North American operating profits rose from £160m to £196m on sales ahead from £2.8bn to £3.24bn, helped by the two big acquisitions. In addition, there was a significant improvement at Elizabeth Arden, where sales rose 7 per cent after the launch of the Black Pearls fragrance.

Fifth Avenue, another new perfume, will be launched in the second half. Brazil remained the star performer in Latin America, with growth in operating profits ahead of sales after exceptions. Outside Japan and Australia, Asia Pacific

See Lex



Outgoing: Michael Perry delivers last results as chairman

Rank faced with £120m claim

By Scheherazade Daneshku

Mr Robert Earl, founder of the Planet Hollywood restaurants, is claiming £120m from Rank Organisation, the UK leisure group which he left in 1992.

The two sides are in dispute about the value of Mr Earl's earn-out arrangement, which is partly based on the profitability of Hard Rock, the themed restaurant chain now owned by Rank.

The dispute resurfaced a day after Rank announced it had put Hard Rock – one of the most successful parts of the business – into a stand-alone division, and unveiled an ambitious expansion programme, including a record label.

Mr Earl bought Hard Rock, which comprised three restaurants, in 1988 when he worked for Pleasurama, the leisure group, and built it into a chain. Pleasurama

was taken over by Mecca and Rank inherited Mr Earl and Hard Rock through its 1992 takeover of Mecca.

Rank paid Mr Earl between £20m-£30m after he left the company but Mr Earl said he was owed more.

He said yesterday: "I notified Rank that the amount they had computed for me in building up Hard Rock was not correct and offered that they reconsider. When they were not forthcoming I elected to go to arbitration." The dispute was put in arbitration with Arthur Andersen, the accountant, last month.

Last month, Mr Earl made £13.3m from his 10 per cent shareholding in Pelican, the restaurant chain which was taken over by Whitbread, the brewer and leisure group, in a £133m deal. He sold four Mamma Amalfi Italian restaurants to Pelican in 1993 for £20m cash and £1m in Pelican shares.

Spy case first round to Kvaerner

By Tim Burt

Kvaerner, the Norwegian shipbuilding and engineering group, has won the first round of its legal battle with VAI, a subsidiary of Austrian conglomerate VA Technologie, over alleged industrial espionage.

The High Court in London yesterday rejected a bid by VAI to discharge a so-called Anton Pillar order, which enabled Davy International to obtain confidential technical and contractual information from Davy International.

It has issued writs against the Austrian group and a number of its employees, including Mr Roy Tazzeyman, who earlier this year became managing director of VAI's UK operations. Mr Tazzeyman was previously chief executive of Davy's main competitors.

The Austrian group said it

had obtained Davy International documents which it had obtained.

Kvaerner, which earlier this year paid \$904m for Davy's parent Trafalgar House, claims that VAI illegally obtained confidential technical and contractual information from Davy International.

Davy, which was awarded costs, said it would continue to pursue the case vigorously.

It has already served writs on Mr Horst Weisinger and Mr Richard Gusein, chief executive and finance director respectively of VAI, one of Davy's main competitors.

The Austrian group said it

would shortly launch a counter-claim for substantial damages.

"VAI remain convinced that they will, in due course, be completely vindicated in what is, in their view, an unwarranted and unjustifiable act," said Kvaerner.

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The Austrian group said it

McInerney restructuring progress

McInerney Properties, the Dublin-based property development company, yesterday announced progress in its financial restructuring.

Four Seasons Country Club, one of its creditors, has agreed to the settlement proposals subject to shareholders' approval.

The proposals entail FSCC releasing McInerney from its obligations under two indemnities, amounting in certain circumstances to £89m (£9.4m), together with all other claims which FSCC may have against McInerney. In return, McInerney will pay FSCC £200,000 cash and further £133,000 in new shares.

McInerney's plans involve converting some debt to equity, rationalising the share structure with a substantial dilution in ownership by existing ordinary holders, and the raising of some £50m in equity capital. All parties to each element must agree to enable such successful implementation.

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Delphi in US link to defuse date bomb

By Paul Taylor

Delphi Group, the UK information technology and human resources specialist, has agreed to form a joint-venture company with US-based Computer Horizons to provide software and services to address the problems of the 2000 date change on computing systems.

The so-called 'millennium bomb' affects many older computer programmes, where only the last two digits of the year are stored. Unless the problem is corrected, experts fear many computer systems will fail when the date changes to January 1 2000.

Experts have suggested that the 'bomb' could cost companies millions of pounds. Some estimates have put the cost of correcting the problem worldwide at about \$600bn (£385bn).

Most UK management and technology consultancies have begun to offer solutions, often in conjunction

with US partners which have developed sophisticated software tool sets to identify and correct the problems.

Delphi's new joint venture, called dH2000, will be based in the UK. It will service clients throughout Britain and continental Europe, said Computer Horizons' Signature 2000TM technology.

Delphi, meanwhile, will bring its expertise in project management, consulting and resourcing.

Mr Tony Reeves, chairman and chief executive of Delphi, said: "We have chosen a partner with a proven technology, which has been used successfully by US companies."

"The combined force of Delphi and Computer Horizons, which will be behind dH2000, will mean we can penetrate the market more effectively while ensuring that our clients have access to all systems and resource elements they will need under one roof."

Success for the Paying Names Action Group could

wreck the plan. But in a letter yesterday Mr David Rowland, Lloyd's chairman, said: "We are advised that the PNAG case has little prospect of success."

Under yesterday's deals,

the Wellington agency, the largest at Lloyd's, is being reversed into Wellington Underwriting, a listed company set up two years ago to supply underwriting capital to Wellington syndicates.

Traditional Names, which

rely on agencies to control

their underwriting, but

operate under the Lloyd's umbrella.

A bigger factor has been

the prospect of Lloyd's win-

ning the support of Names -

its traditional investors for

its radical recovery plan

including a £3.2bn out-of-

court settlement, by the

August 28 deadline.

A final hurdle for the plan

comes next week with a judi-

cial review of whether

Lloyd's has treated unfairly

Names who paid losses,

while others have debts writ-

ten off.

Success for the Paying

Names Action Group could

wreck the plan. But in a letter

yesterday Mr David Rowland,

Lloyd's chairman, said:

"We are advised that the

PNAG case has little pros-

pect of success."

Peter Hardy, chairman

of the Hardy agency and

who will own 29 per cent of

the new group, warned

Names that "unilateralism"

of risk across the market

meant "unlimited liability

is dangerous, as we have

seen."

Kenwood warns on margins

Shares in Kenwood Appliances, the UK kitchen gadget company, fell 12.5p to 138.5p yesterday after the annual meeting heard that margins remained under pressure.

Mr Harold Mourgue, chairman, said trading conditions in Europe remained difficult, and pricing and changes in product mix continued to put pressure on margins.

However, trading in the UK continued to show improvement on last year, with a rise in turnover.

He added that new products coming on stream in the second half and the prospect of improved conditions in continental Europe gave cause for confidence for the full year.

Kenwood reported pre-tax profits of £15.6m for the year to April 4, up 16 per cent, but at the bottom end of expectations, following a sharp downturn in fourth-quarter sales in Italy, its biggest market.

Directors and employees shared in a £20.5m bonus pool for the 12 months to March, up from £12.4m. Even after this, however, profits before tax rose 30 per cent to £35m.

Rothschild's lending operations contend with declining margins and its corporate finance business was involved in fewer UK electricity sector deals than its advisory relationships would have indicated.

But the bank still benefited from record acquisition activity in the UK and a steady flow of international privatisation advisory work, to show a 55 per cent increase in income.

Nicholas Denton

NEWS DIGEST

Lotus serves writ on ex-director

A writ alleging misappropriation of Lotus Cars' property and failure to act at all times in the company's best interests was served at 1am yesterday on Mr Neeraj Kapur, the Norfolk sports car maker's former finance director.

Mr Kapur and several other directors were removed from office two weeks ago by Lotus's chairman and owner, Mr Romano Artoli, after the directors threatened to call in receivers unless Mr Artoli agreed to resolve doubts about Lotus's future by selling the company quickly and severing all ties with it.

Mr Artoli's Bugatti companies in Italy and Luxembourg are already in receivership. Mr Kapur and his fellow "removed" directors, who are still technically employees of Lotus, have claimed the sports car and engineering concern's financial situation is more precarious than is being acknowledged.

Mr Kapur said last night: "Obviously this is an attempt to discredit me, and equally obviously I shall be defending myself." The writ also alleges failure to exercise due skill and competence. In a statement announcing the serving of the writ, Mr Artoli said Lotus had won lucrative engineering projects in recent days and the company's prospects looked "encouraging". John Griffiths

Bell Cablemedia grows

Bell Cablemedia yesterday announced strong revenue growth and improving customer retention rates.

The UK's third largest cable operator said that better training and improved customer services had helped reduce annual churn – lost subscribers – from 38.1 per cent to 22.5 per cent during the year to June.

Revenues for the first six months of this year totalled £23.8m, up £15.8m on the same period last year for the Nasdaq-listed group.

Average monthly residential telephony revenue per line increased to £27.95 (£26.88) for the second quarter of 1996. For cable it rose to £21.01 (£20.88).

Net losses for the period increased from 24.8m to 26.3m, mainly because of increases in the cost of depreciation and amortisation as it built its cable network.

The gross number of subscribers has increased rapidly – 125,497 telephone lines have been installed with 188,705 cable television subscribers by the end of June. Although churn has been reduced, Bell Cablemedia's penetration rates – the proportion of homes passed that subscribe – remains below the industry average. Its penetration rate for cable television is 18.8 per cent, against the industry average of 21.5 per cent.

Raymond Snoddy

Planning Sciences advances

Planning Sciences, the Wimbledon-based software company which floated on Nasdaq at the end of April, yesterday reported higher second-quarter and half-year results.

The group, which specialised in business planning and decision support software, reported net income of £574,000 (£368,000) or 5 cents a share in the three months to June 30, against £274,000 or 3 cents a share last time. Revenues increased to £6.1m (£4.3m).

For the six months, the group, formed by former Lucas Industries software engineers, reported net income of £800,000 (£498,000) or 9 cents a share (6 cents) on sales of £11.3m (£8.1m).

The group, which raised £26.4m net through the sale of 2m shares in April, recently launched a new version of its Gentia software which can extract information from massive databases.

Mr Paul Rolf, chairman and chief executive, revealed that the company had been talking with Ba

COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday August 10 1996

Pilot's guide for Mr Clarke

Manoeuvring a supertanker in confined waters was once likened to standing at one end of Westminster Bridge, trying to steer the other end across Whitehall. Sometimes, Mr Kenneth Clarke, the UK Chancellor, must think of his job in the same way. In the coming months, certainly, he will need to remember that the economy's turning circle is much greater than the distance between now and the next election.

Some Tory MPs now have only one idea in their heads, that being "votes". Others may sketch a tranquil picture. Inflation is subdued and falling. The economy is growing at a modestly accelerating pace. People's interest payments (on mortgages in many cases) have fallen back to only about 8 per cent of their incomes, about half the level in 1990. The recovery of house prices is at last helping those trapped in the rubble of a collapsing market at the end of the 1980s to escape from negative equity.

The stock market, meanwhile, provides sober cheer. There has not been a sterling crisis for almost four years. Above all unemployment has come down far faster than it did during the previous economic recovery in the mid-1980s. So why should Mr Clarke not sit back with his favourite cigar, let the vessel plough on and perhaps call up a few more revs in the autumn?

Past tempests

It certainly is true that compared with past tempests in Tory memory – inflation touching 22 per cent, base rates of 17 per cent, unemployment apparently stuck above 3m, a decline in manufacturing output of 14 per cent – today's statistics look tranquil. Yet to Mr Clarke's credit, he has largely avoided the bragging about economic performance which made the Tories look so silly at the end of the last decade and has been a root of their unpopularity ever since. Mrs Margaret Thatcher's golden age of low inflation, rapid growth and declining unemployment was found to be purchased with borrowed money.

This debt still hangs over the UK economy. The Bank of England observed drily in its Inflation Report this week that the government forecast of its deficit this year, at 4 per cent of GDP, is twice what it was expecting only 21 months ago. It warns: "In the longer term... such deficits cannot be reconciled with hitting the infla-

tion target as well as maintaining a sustainable fiscal position."

This is the nub of Mr Clarke's difficulty. Although the numbers may seem more benign, the problem is the same as in more turbulent periods: achieving an inflation target of 2% per cent now may be just as hard as getting it down to 5 per cent when wages and commodity prices were buoyant.

Rising inflation

Moreover, in previous times the UK government fudged its inflation objectives in a middle of monetary targets and aspirational phrases. Mr Clarke has, by contrast, set a fairly clear objective on which his and the government's credibility now hangs. This target is by no means over-ambitious considering the feebleness of price pressures elsewhere in the industrial world. Inflation is less than 2 per cent in Germany, Canada and Japan, and even in Italy it has fallen to 4 per cent.

The Bank therefore needs to be taken seriously in its warning that rapid growth of the money supply, a consumer-led pick-up in the economy and the high government deficit may lead to rising inflation. Even though it expects only a modest increase in the next two years, any attempt to speed up the economy before the election could repeat the error of the late 1980s, when inflation accelerated rapidly from 2.4 per cent in July 1986 to more than 10 per cent by the end of the decade.

Yet holding down inflation and trimming the deficit may not be easy while unemployment remains at its present level. The Bank shows that the continued fall in headline unemployment masks a less happy trend. The fall in the numbers out of work represents less the creation of new full time jobs than a move to part time working, especially by women, and an increase in the number of "discouraged" workers who have simply given up looking for a job.

Consequently, there is still a sizeable gap between the amount of work which people want to do and the job on offer. Although this is an electoral liability, Mr Clarke must resist pressures to put on a quick burst of speed. This would only lead to a collision with his inflation objective or the need to reduce the government deficit. These remain his markers to a safe haven, even if he is not the chancellor when it is reached.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Nations face challenge of role as protector

From Mr Dan Goncharoff:

Sir, Edward Mortimer's conclusion ("A mild patriotism", August 7) that "civic nationalism" cannot divorce itself completely from culture and ethnicity" seems valid, but paints a black and white picture in a situation where reality is varying shades of grey.

The challenge for all forms of civic nationalism is to provide room for cultural and ethnic minorities to be free to be themselves within both the confines of law and reasonable standards of fairness. Banning the wearing of scarves while allowing the wearing of discreet crucifixes, for example, would

not seem fair. Wearing different clothes, or practising a different religion, should not represent rejection of the values of the civic nation. But if the laws are fair, and reasonably applied, then all citizens must follow them.

The reality most nations states have to recognise is that they are not ethnically or culturally pure, and the most dangerous act is to forget that the civic nation is the best protection for the weak, including cultural minorities, from the strong.

Dan Goncharoff,
Aystettstrasse 6,
D-80322 Frankfurt,
Germany

No subsidy for grouse moors

From Mr Richard Blackmore:

Sir, It is hard to imagine what economic justification there could be for the European Union subsidising the operation of grouse moors by Scottish landowners ("Landowners seek EU aid for grouse moors", August 8). Contrary to the claim of the Scottish Landowners Federation that the management of grouse moors makes an important contribution to conservation management in the uplands, there is in fact an increasingly strong body of scientific evidence to suggest the reverse is the case. The notion that grouse moors bring considerable economic benefits to Scotland is also hardly sustainable given the annual levels of turnover (£25.7m) and expenditure (£13.7m) which are quoted. The

productivity of senior executives may possibly be increased after they have downsized the grouse population a little further, but fortunately there are many other ways to ameliorate the stress of City life which are less demanding on the public purse.

If landowners wish to spend their own personal resources subsidising the leisure pursuits of a bygone age then they are free to do so, subject to whatever environmental planning and land use controls society chooses to impose. However, the idea that taxpayers' money should be employed to build a grouse mountain is strictly for the birds.

Richard Blackmore,
5 Davidson Gardens,
Glasgow G14 9JH, UK

Diet and dreams in the pursuit of Olympic glory

From Mr Michael Hambley:

Sir, Dr James Witchall's lamentations (Letters, August 8) over the poor performance of the British Olympic team at Atlanta and his concerns about the content of the national diet are indeed laudable. On a medal per capita basis the Australians (my adopted home) surely were among the most impressive, yet their couch potatoes seem to enjoy a diet remarkably similar to their British counterparts.

There is, however, the almost forgotten "X-factor", a growth hormone denied British children and budding athletes that is still freely available without prescription in Australia and for which no reliable blood content test yet exists. It is VEGEMITE!

Reliable sources inform reliably that the Australian Institute of Sport imported massive quantities of the concentrate and forced their athletes to consume this substance daily with their morning toast, and yet not even the Chinese lodged a protest.

Those who leave "Old Blighty's" shores to compete in Sydney's games would do well to investigate the almost miraculous powers of this substance during the next four years.

Michael Hambley,
1-4-14 Azabindai,
Tokyo, Japan

From Mrs Barbara J. Lange:

Sir, Now that the Olympic Games are over I would like to share my concern over the anti "Dream Team" reporting by Cary Phillips ("Other teams have more modest dreams", July

25). This from a country that won only one gold medal and had two members of its diving team selling off their Olympic T-shirts, hats and tote bags to raise money for dinner. This would never happen in the US because we send our multi-millionaires to the games. And, I ask you, what other country has any multi-millionaires in good enough shape to compete in the Olympics? Our "dream team" is up exercising when other multi-millionaires are deciding whether to have one last bottle of champagne before calling it a night.

The truth is that Americans love basketball. In Miami we are giving up our dearest waterfront public park (green space with trees) to pave over for a stadium (asphalt), concrete and the required horrendous structure) and taxing the tourists to fund it. And we're happy to throw in a few tax giveaways to team owner Mr Billionaire, who gets to rake in the profits. Because we love our basketball, we're willing to overlook a few anomalies.

At the Olympics the "Dream Team" was playing for the good old red white and blue and the endorsement dollars. So quit your anti-American athletic tribe and allow us our moment of glory. Because as soon as they return to their respective teams it's every multi-millionaire for himself – today \$12m with the LA Lakers, tomorrow \$15m with the Miami Heat.

Barbara J. Lange,
3198 Via Abitare,
Coconut Grove,
Florida 33133, US

كما في الأصل

Death and drugs in the Cape

South Africans faced with a murder rate six times as high as in the US are taking the law into their own hands, says Roger Matthews

Public anger at worsening crime levels in South Africa finally exploded this week.

Not, as might have been expected, among the affluent whites erupting from behind their high walls in the northern suburbs of Johannesburg, but in the poorer areas of Cape Town where the impact of the crime wave is felt even more acutely.

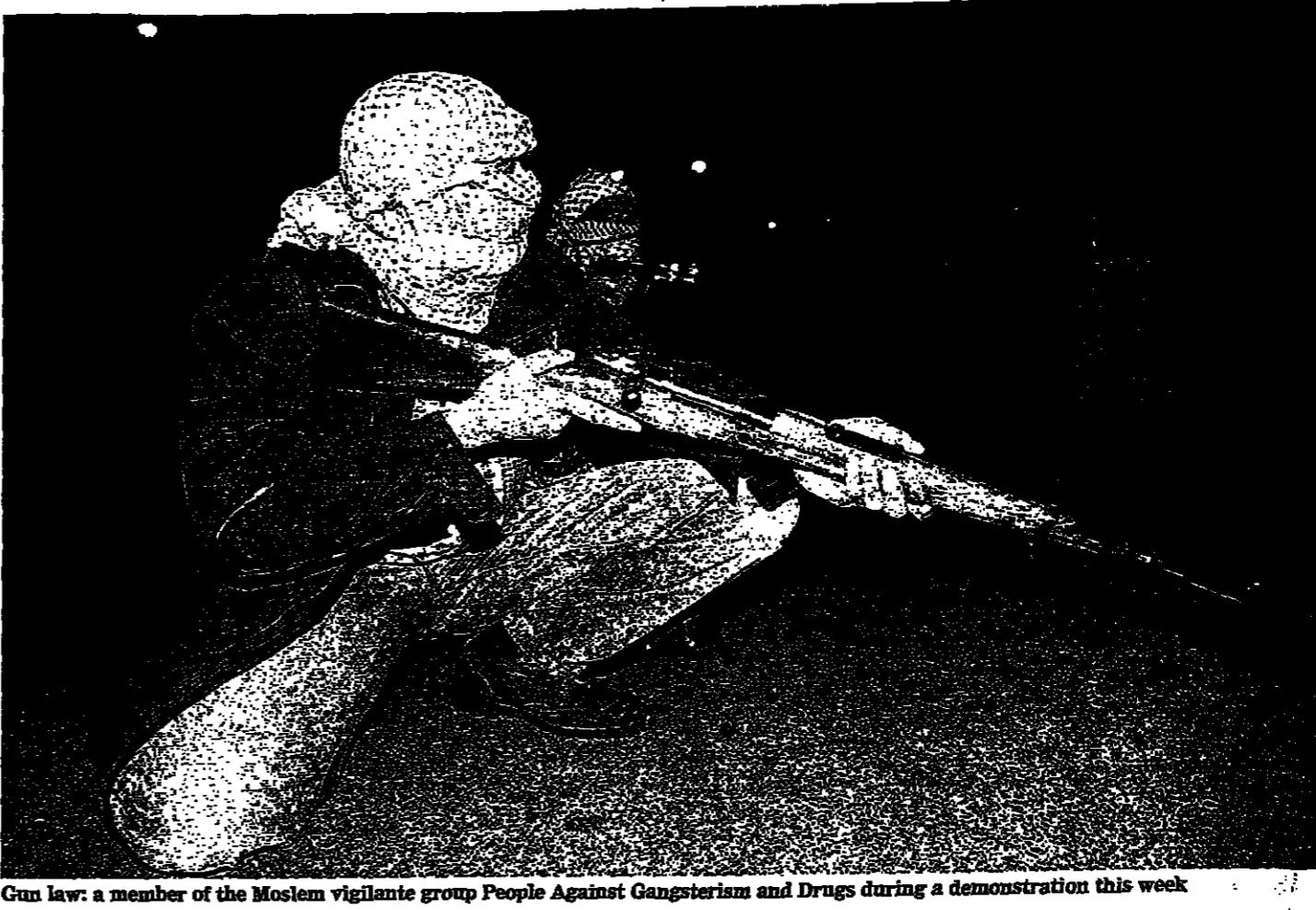
A well-organised crowd of several hundred armed Moslems gathered after prayers last Sunday evening, and drove in a convoy that stretched more than a kilometre to the home of a suspected drug dealer. Observers said it was an orderly, almost military operation. In the 15-minute gunbattle that followed one of their main targets was shot dead, set alight by petrol bombs and his body repeatedly kicked. Eighteen other people were wounded. The police, which accompanied the convoy and watched the gunbattle, did not intervene. No arrests have since been made.

The entire episode was filmed by television crews, and even in a society hardened by violence, it provoked strong reactions. "I, and several friends, watched with undisguised admiration, smirks of satisfaction on our faces, as the crowd gave Rasheed [the murdered man] his come up," wrote Mr Thami Mazwai, editor of Enterprise magazine, and chairman of the black editors' forum.

His attitude was reflected in an opinion poll carried out by a Cape Town newspaper, in which 70 per cent of the respondents approved of the action by the members of People Against Gangsterism and Drugs (Pagad), a community pressure group established at the end of last year. A recent study of crime, violence and investment, sponsored by Nedcor, the banking group, showed that more than 45 per cent of people questioned put crime as South Africa's biggest problem. Deprivation, poverty, unemployment, the political struggle against apartheid, and the social dislocation caused by parents forced to live apart from their children, have all contributed to increasing levels of violence.

The advent of democracy in April 1994 served, however, to make it all more visible. Last year there were approximately 21,000 crime-related deaths in South Africa double the number of road accident victims, and six times the murder rate per capita in the US. "And every day another 2,500 South Africans require hospital treatment as a result of shootings, stabbings and beatings," says Mr Mark Shaw, senior researcher at the Institute for Defence Policy.

Mr Chris de Kock of the police information centre dislikes South Africa being labelled the murder capital of the world, and points out that Interpol statistics show Namibia, Swaziland and Honduras have higher rates. Rape, how-



Gun law: a member of the Moslem vigilante group People Against Gangsterism and Drugs during a demonstration this week

ever, is a serious and growing problem.

The crime pattern is not uniform across the country. Most armed car-jackings occur in Gauteng province which includes Johannesburg and Pretoria. So prevalent has this crime become that an incident this week, when a motorist had an ear bitten off before shooting dead one of his assailants in the Rosebank suburb of Johannesburg, rated only

US assistant secretary of state for international narcotics and law enforcement affairs, told a recent conference that South Africa, with its sophisticated transport and banking infrastructure, and relatively poor border controls, was emerging as one of the global centres of the drugs trade.

He estimated that 135 drug networks were operating in the country, only 77 were convicted. The report added that 94 per cent of those released after a jail sentence resumed their criminal activities.

Such figures contribute to the public lack of confidence in both police and justice systems, an attitude that is particularly prevalent in the black townships where the historic distrust of law enforcement is exacerbated by an assumption that many officers are corrupt, and often engaged in crime.

For the past two and a half years, South Africans in general have been patient with their government. Few blacks expected new houses, water, electricity and jobs to appear overnight, and have even been understanding when the government fell well short of its delivery targets.

What none had expected was that anything could get worse for the majority of citizens under the new political dispensation. It has, and this week the ANC has begun to realise how serious the implications could be.



We helped Zoe beat a brain tumour.

Now we need your help to continue the fight for thousands of others.

When Zoe was just 17 months old, her parents received the dreadful news that their little girl had a malignant brain tumour and needed radiotherapy. Zoe won her fight and lived quite happily until she was 12.

Unfortunately that was when the cancer returned. The situation was made even more serious because Zoe had already received the maximum dosage of radiotherapy when treated as a baby. Again, Zoe beat the disease thanks to a pioneering new treatment supported by the Imperial Cancer Research Fund.

Today the cure rate for childhood cancers is over 50%. Very encouraging when you realise that just 25 years ago, around 90% of children with cancer died.

Yet despite the importance of our work, we rely almost entirely on voluntary contributions. Right now our

doctors and scientists are fighting over 200 forms of cancer. Thousands of children like Zoe are relying on their help. And yours.

Please make a donation today and help thousands more people win the fight against cancer.

Give people with cancer a fighting chance

Over 90p in every £1 donated goes directly into our vital research.

I would like to make a donation of £_____ (Cheque payable to Imperial Cancer Research Fund) or charge £_____ to my Access/Visa/MasterCard/Charity Card No. _____

Expiry Date _____ Signature _____

Mr/Mrs/Miss/Ms _____

Address _____

Postcode _____

Please return your donation to: Imperial Cancer Research Fund, FREEPOST (WY4044/2), London WC1A 3BS

Imperial Cancer Research Fund
www.icrf.org



COMMENT & ANALYSIS

JULY 1996

In his shabby pinstripe suit, Mr Alistair Simpson seems an improbable champion of any cause. And the Londonderry community worker is far from comfortable with the responsibility thrust upon him this weekend.

As Northern Ireland teeters on the brink of further violence, Mr Simpson, governor of the Derry Apprentice Boys, a loyalist group that commemorates events 300 years ago, finds himself at the centre of a bitter dispute over his organisation's annual march. Churchmen and local politicians fear the confrontation between unionists and nationalists in Londonderry could plunge Ulster back into the dark years of the Troubles.

Attempts have been under way for two weeks to find an agreement to allow the parade to take its traditional route along the city walls, part of which overlooks the nationalist Bogside area.

Despite negotiations between the Apprentice Boys and nationalist protesters - chaired by the local nationalist MP, Mr John Hume - those efforts broke down on Tuesday. The following day, St Patrick Maynew, the Northern Ireland

Man in the News • Alistair Simpson An unlikely champion

John Murray Brown on the 'boy' at the centre of the Londonderry row

secretary, outraged unionists by ordering police and soldiers to block all access to the contentious 400m stretch of the battlements.

Mr Simpson hardly fits the nationalist caricature of the Protestant supremacists. Made redundant three years ago from the local St Brendan's liqueur factory where he was the customs and excise officer, he now helps to build houses in the Protestant enclave of the Fountain office in the shadow of the city walls. It is easy to appreciate the vulnerability of Londonderry's shrinking Protestant community. In the last three decades many residents have migrated across the Foyle river to safer Protestant areas. Of the present Fountain community of around 1,000 people it is estimated that up to 15,000 Protestants have left the west side of the city since the Troubles began.

Ringed by high steel fences for protection, the Fountain is a small zone of

events in 1689 when 13 apprentices closed the gates to fend off the forces of the Catholic King James II at the start of a 105-day siege.

Last night, in an apparent attempt to diffuse tension,

nationalists rerouted a planned march away from the Fountain, the only Protestant area on the west side of Londonderry.

In Mr Simpson's Fountain

office in the shadow of the city walls, it is easy to appreciate the vulnerability of Londonderry's shrinking Protestant community. In the last three decades many residents have migrated across the Foyle river to safer Protestant areas. Of the present Fountain community of around 1,000 people it is estimated that up to 15,000 Protestants have left the west side of the city since the Troubles began.

Ringed by high steel

fences for protection, the Fountain is a small zone of

some 200 families in houses painted in loyalist memorabilia. The sense of being under siege is palpable.

Protestants in Waterside, across the river from Bogside and the old town, have turned their back on the city and tend to shop in Coleraine, 20 miles away, rather than cross the bridge into the Catholic area.

Mr Tony Crowe, chairman of the Fountain Trust, likens the situation of the inhabitants of the Fountain to tensions between Jews and Arabs in Jerusalem. "When will people realise that walking the walls [of Londonderry] is like Jews being allowed to go to the wailing wall?"

Mr Simpson puts a brave face on the unresolved conflict. He insists - as do the nationalist spokesmen - that violence will not be provoked by his side. He can even see some merit in this week's abortive talks. "John

Hume probably didn't know who I was a few weeks ago," he says. "But the crisis has brought us together. You know there is one thing we have which the Bogside residents will never have, and that is a love for this city."

In the nationalist community too, some believe the negotiating exercise has been worthwhile. Mr Declan McLaughlin, an artist renowned in the Bogside for his nationalist murals, believes the negotiations mark a new maturity in the working class ghetto. "In the old days, we would have relied on the IRA to sort this out. This is a much more healthy way to do it."

But there is intransigence on both sides and the fact remains that the talks failed. Londonderry nationalists of all political shades are determined not to allow a repeat of last month's events in Portadown when police forced a way for a

Protestant Orange march through a Catholic housing estate.

The dispute of recent weeks has painful parallels with the start of the Troubles. Londonderry is again a flashpoint as it was in 1969. A march by the Apprentice Boys is again the cause of local nationalist anger.

And if Londonderry, which has little of the hard sectarianism of Belfast, fails to find an accommodation to a local dispute, what hope is there for wider attempts to bridge the gap between the two traditions?

Londonderry, once a byword for unionist gerrymandering, has in recent years become a rare model for power sharing at local government level and has made much of its image as a model for inter-community harmony.

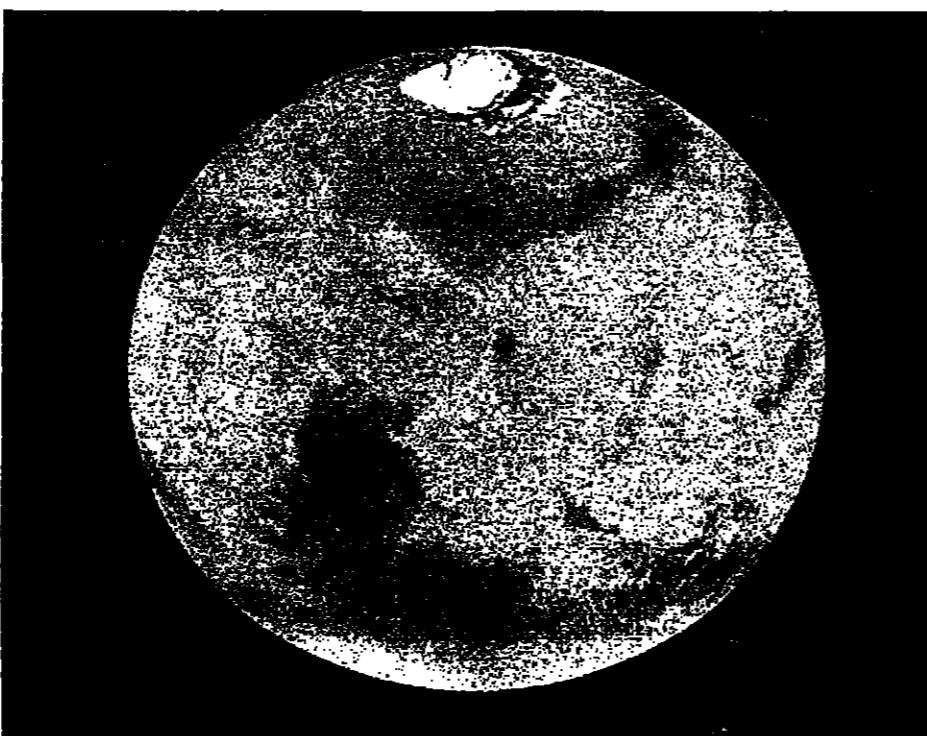
In the tricentenary of the siege in 1988, the nationalist-dominated city council funded a three-day pageant to celebrate the occasion.

Mr John Bruton, the Irish prime minister, has urged nationalists to recognise the centrality of the siege celebrations for unionists. But in the heat of the marching season such well-intentioned words are rarely sufficient.



Life, the universe and everything

Clive Cookson on the plans by the US space agency to investigate Mars for signs of life



Big Red: Mars now seems too cold and dry to support life on its surface

ated on Mars. It was part of the debris blasted into space when a huge asteroid hit the red planet about 15m years ago. Thirteen thousand years ago, it was swept up by Earth's gravitational field and crashed into an Antarctic ice field, where scientists found it in 1984.

Some other specialists are much more sceptical. One of the most prominent is Professor William Schopf, an expert on ancient bacteria at the University of California, Los Angeles, who says Nasa's evidence is far from conclusive.

Prof Schopf points out, for example, that the presumed micro-fossils - tiny tube-like structures smaller than any ancient bacteria discovered in terrestrial rocks - show no sign of the cell walls that any organism requires to contain the juices of life.

The 2kg rock is one of a dozen meteorites that are believed on the basis of detailed chemical and physical analysis to have origi-

nated on Mars. It was part of the debris blasted into space when a huge asteroid hit the red planet about 15m years ago. Thirteen thousand years ago, it was swept up by Earth's gravitational field and crashed into an Antarctic ice field, where scientists found it in 1984.

Meteorite ALH84001 crystallised from molten rock 15bn years ago, soon after the solar system had formed from a cloud of interstellar dust. The presumed microbes would have colonised cracks in the rock as long ago as 3.5bn years, when Mars had a warm wet climate similar to Earth's.

They left behind traces of chemicals that are associated with fossilised micro-organisms on Earth: carbon and iron minerals and, most tellingly, organic compounds called polycyclic aromatic hydrocarbons.

What is far less certain is how frequently the conditions remain hospitable for long enough to allow primitive organisms to evolve into an intelligent civilisation. On Earth, this process has taken 3.5bn years.

Mars seems now to be too

cold and dry to support even primitive microbes - at least on the planetary surface.

But life may have retreated underground, where there is still liquid water heated by volcanic activity. Some terrestrial microbes are known to survive in conditions of extreme heat and pressure within rock structures thousands of metres deep.

But it is far more likely that life started independently on the two neighbouring planets. If so, the discovery will add weight to the view held by many scientists that self-replicating and evolving molecules - the first step to living creatures - will arise under the conditions prevailing on millions of young planets throughout the galaxy.

But these tests are unlikely to settle the scientific arguments conclusively.

As Mr Ed Weiler, a Nasa scientist, says: "The real proof

may not come until we go to

Mars or send a probe there

to bring back the material brought back from the planet before it is examined on Earth.

Indeed, from Nasa's point

of view, the only disadvantage of the public knowing that there was once life on Mars is that environmental activists may fight its plans to bring back Martian material, on the grounds that alien microbes could infect the Earth. Scientists say the risk of this happening is virtually zero: any organisms adapted to life on Mars today would not flourish here - but Nasa is quietly planning a legal and technical defence to reassure the public and fend off lawsuits.

On Monday, the Glorious Twelfth of August, Mr Malcolm Borthwick will open the first day of driven grouse shooting on his grouse moor in southern Scotland. Beaters, keepers and dogs - the foot soldiers of a grouse shoot - will be marshalled to drive birds over Americans with shotguns.

The first two missions, Mars Global Surveyor and Mars Pathfinder, are due for launch in November and December. The latter will land a mini-rover to examine rocks in July 1997.

Over the next few years,

increasingly sophisticated landers equipped with digging equipment and robotic instruments will search for signs of Martian biology, whether fossilised or living.

The first mission to return a rock sample to Earth could be launched as early as 2003, particularly if Nasa agrees to co-operate with the Russian, European and Japanese space agencies on an international framework for Martian exploration.

"I intend the world space leadership to work with us on this," says Mr Dan Goldin, Nasa administrator. The US has a long-term commitment to manned exploration of Mars but Nasa says the detailed planning of such a voyage will have to wait until the international space station has been completed - in 2002 at the earliest.

The \$18bn space station

will be an essential staging post for any manned missions to Mars. It will give astronauts experience of working for many months in weightless conditions. And it may be needed to "quarantine" material brought back from the planet before it is examined on Earth.

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MARKETS REPORT

Franc queasy

By Richard Adams

The French franc yesterday slipped to a four-month low, dogged by continued rumour over a rift between the government and the Bank of France, and a possible cabinet reshuffle.

The franc fell to an intra-day low of FF13,4210 against the D-Mark, ending at DM2,2907, from 2,3004. It was barely changed against the dollar at \$1.5485 from \$1.5496.

The market's focus stayed

Pound to New York

Aug 9	Latest	Prev. close
Euro	1.5469	1.5465
1 mth	1.5484	1.5489
3 mth	1.5477	1.5480
1 yr	1.5449	1.5467

Against the yen it closed at Y108.115 from Y108.165.

While sterling appeared largely indifferent to the problems of the franc and the peripheral European currencies, it still fell by nearly a pfennig against the D-Mark, ending at DM2,2907, from 2,3004. It was barely changed against the dollar at \$1.5485 from \$1.5496.

removing Mr Jean-Claude Trichet, the governor of the Bank of France, and a defender of a strong franc.

The rumours - which were strongly denied - were fuelled by the government's announcement that it would investigate the former management of state-owned bank Credit Lyonnais over its large losses. The investigation could tar Mr Trichet who, as head of the Treasury at the time of the losses, was responsible for the supervision of state-owned banks.

Mr Jeremy Hawkins, chief economist at the Bank of America in London, described the rumours of a Chirac-Trichet split as a "worst case" scenario for the franc. "The last thing they will want is a blatant split between the governor of the Bank of France and the government." France already faces widespread market scepticism over its ability to meet the Maastricht criteria.

Mr Hawkins said continued doubts could lead to further pressure on the franc

next week. This might result in the unwinding of positions in higher yielding European markets, with investors seeking refuge in safe havens currencies like the D-Mark and Swiss franc.

Other analysts were more sanguine. Mr Philippe Jordan, vice-president at Daiwa Securities in New York, said speculators were wasting their time trying to sell French assets short. "They would be far better off in southern European markets because France is going to

be part of the first round of EMU.

EMU. There would have to be a major political break down for it to be achieved.

Mr Kit Juckles, analyst at NatWest Markets in London, said he thought the Bundesbank would be forced to help out the peripheral European currencies. "The Bundesbank needs to go one step further and cut more than the market thinks it will," he said. "I don't think the German economy is strong enough to deal with a strong D-Mark."

POUND SPOT FORWARD AGAINST THE POUND

Aug 9 Closing mid-point Change on day Bid/offer spread Day's mid-high low One month Rate %PA Three months Rate %PA One year Rate %PA Bank of Eng. Index

Europe												
Austria	[Sch]	16,1181	-0,0896	118	-244	16,2263	16,1105	16,0668	2,3	16,0118	2,6	-1056
Belgium	[BFY]	47,2241	-0,0232	561	-672	47,5110	47,0800	47,1291	2,4	45,9391	2,3	1075
Denmark	[DKY]	8,6622	-0,0023	561	-672	8,5160	8,5350	8,6495	1,9	8,6222	1,5	1082
Finland	[FIM]	10,2007	-0,0089	561	-672	10,2263	10,2007	10,2263	2,3	10,2007	1,5	1082
France	[FFY]	7,8512	-0,0089	561	-672	7,8279	7,8119	7,8119	1,9	7,8512	1,5	1082
Germany	[DM]	2,2907	-0,0087	561	-672	2,2561	2,2859	2,2863	2,3	2,2772	2,4	1073
Greece	[DRY]	366,562	-0,0747	417	-714	368,319	366,254	366,254	0,6	366,562	0,5	1073
Ireland	[IDR]	0,9267	-0,0007	621	-632	0,9051	0,9052	0,9052	0,6	0,961	0,7	0,9565
Italy	[ITL]	10,2038	-0,0014	561	-672	10,2263	10,2038	10,2038	2,3	10,2038	2,2	1073
Luxembourg	[LFL]	17,2241	-0,0589	561	-672	17,5110	17,4800	17,4722	2,4	17,2241	2,2	1073
Netherlands	[NLG]	2,5711	-0,0114	561	-672	2,5571	2,5569	2,5569	2,6	17,2241	2,2	1073
Norway	[NOK]	9,9038	-0,7744	540	-767	237,110	235,453	235,086	2,3	9,9848	1,0	9928
Portugal	[PE]	235,681	-0,7744	540	-767	237,110	235,453	235,086	2,3	236,934	2,3	9928
Spain	[PES]	195,705	-0,2766	540	-767	195,074	194,977	194,977	1,1	195,705	1,1	9928
Sweden	[SEK]	10,2038	-0,0014	561	-672	10,2348	10,2038	10,2038	0,6	10,3073	0,6	8821
Switzerland	[SFR]	1,6553	-0,0113	641	-653	1,6542	1,6542	1,6542	2,2	1,6485	2,1	1073
UK	[£]	1,2123	-0,0019	207	-219	1,2269	1,2197	1,2222	1,3	1,217	1,4	1,2037
Ecu	[Ecu]	1,05693	-	-	-	-	-	-	-	-	-	-
Argentina	[Peso]	1,5474	-0,0001	489	-478	1,5536	1,5482	1,5482	-	-	-	-
Brazil	[Real]	0,0003	-0,0003	668	-679	1,5107	1,5230	1,5230	-	-	-	-
Canada	[CAD]	1,2154	-0,0014	561	-672	1,2138	1,2146	1,2126	0,4	1,2122	0,8	1,1136
Mexico	[Nuevo Peso]	11,6515	-0,0001	492	-494	11,6420	11,6420	11,6420	0,5	11,5483	0,3	1081
Pacific/Middle East/Africa												
Hong Kong	[HKD]	1,9900	-0,0013	820	-910	1,9974	1,9895	1,9828	-1,5	1,9974	-1,5	1073
India	[INR]	55,2172	-0,0611	968	-978	55,6200	54,9203	54,9203	-0,8	55,2172	-0,7	1073
Israel	[ILS]	4,6869	-0,0001	661	-733	4,6864	4,6855	4,6855	-	-	-	-
Japan	[Yen]	167,524	-0,0284	436	-611	168,380	167,769	167,769	5,2	165,303	5,3	158,884
Korea	[Won]	3,6294	-0,0001	561	-672	3,6294	3,6294	3,6294	-	-	-	-
New Zealand	[NZD]	2,2124	-0,0014	561	-672	2,2055	2,2055	2,2055	-2,1	2,1707	-2,1	1073
Philippines	[Peso]	40,5892	-0,0026	271	-513	40,7250	40,4744	40,4744	-	-	-	-
Saudi Arabia	[SR]	5,1812	-0,0002	108	-138	5,1803	5,1803	5,1803	-	-	-	-
Singapore	[SGD]	2,1933	-0,0001	228	-330	2,1879	2,1879	2,1879	-	-	-	-
South Africa	[ZAR]	7,0278	-0,0001	228	-330	7,0389	7,0389	7,0389	-	-	-	-
South Korea	[Won]	128,195	-0,0233	167	-231	128,171	128,157	128,157	-	-	-	-
Taiwan	[TWD]	36,2124	-0,0001	228	-330	36,2000	36,1970	36,1970	-	-	-	-
Thailand	[Baht]	36,2124	-0,0006	228	-330	36,2000	36,1970	36,1970	-	-	-	-

* Rates for Aug 8. Bid/offer in the Pound Spot table above only list three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/93 = 100. Bid/offer and mid-rates in both this and the Dollar Spot tables derived from the WIREREUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

+ Bid/offer rate per £ for Aug 8. Bid/offer in the Dollar Spot table above only list three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/93 = 100. Bid/offer and mid-rates in both this and the Dollar Spot tables derived from the WIREREUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

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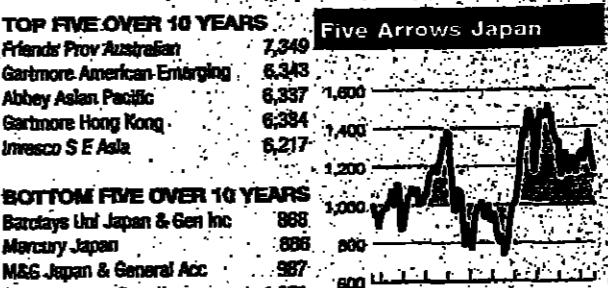
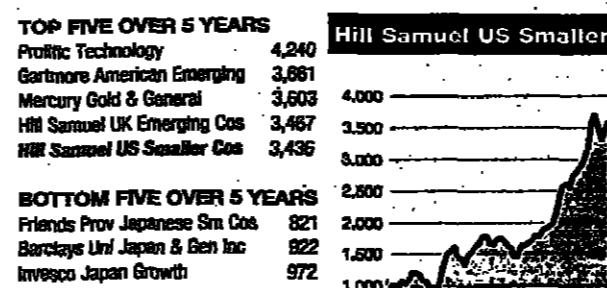
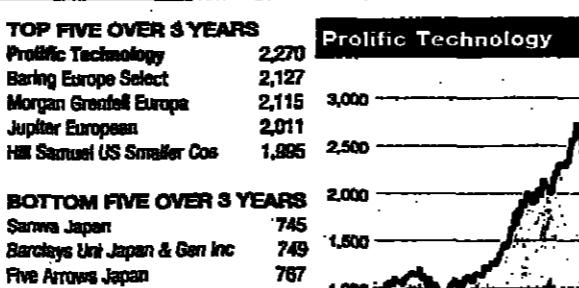
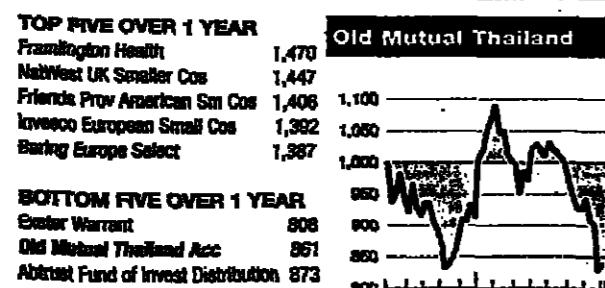
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UNIT TRUSTS

■ WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices										
Average Unit Trust	1089	1250	1787	2643	3.8	2.8				
Average Investment Trust	1085	1305	1881	3321	5.3	5.0				
Bank	1035	1114	1846	-	0.0	4.3				
Building Society	1030	1119	1255	1826	0.0	4.1				
Stockmarket FT All-Shares	1040	1415	1812	3499	3.4	4.0				
Inflation	1021	1085	1141	1580	0.4	-				
UK Growth										
Jupiter UK Growth	1283	1808	2456	-	3.3	2.0				
Credit Suisse Fellowship Inc	1207	1696	-	-	1.1	-				
Barclays Uni Leisure	1170	1556	1987	2094	3.4	0.7				
Sanwa UK Growth	1241	1536	-	-	3.3	1.8				
Johnson Fry State Growth	1074	1415	1771	2015	3.7	0.8				
SECTOR AVERAGE	1051	1312	1708	2651	3.6	2.0				
UK Growth & Income										
Cazenove UK Equity	1130	1452	1835	-	2.8	3.2				
Credit Suisse Growth Port Inc	1104	1431	1944	-	3.3	1.6				
Morgan Grenfell UK Equity	1061	1242	2046	-	3.3	3.7				
Mercury UK Equity	1088	1419	1952	3891	3.4	2.5				
Lazard UK Income & Growth	1074	1413	1771	2015	3.4	4.0				
SECTOR AVERAGE	1058	1263	1608	2831	3.5	3.0				
UK Smaller Companies										
Hill Samuel UK Emerging Cos	1280	1612	3467	-	3.7	0.7				
INVESTCO UK Smaller Companies	1356	1783	2398	2666	4.6	0.8				
AES Small Companies	1081	1208	2288	-	3.7	0.5				
Waverley Penny Share	1048	1276	2268	-	4.8	-				
Barclays UK Smaller Companies	1285	1685	2078	2935	3.8	0.6				
SECTOR AVERAGE	1138	1385	1865	2734	3.7	1.6				
UK Equity Income										
Jupiter Income	1190	1735	2753	-	3.7	4.5				
GT Income	1173	1582	2229	3730	3.7	4.2				
Lazard UK Income	1110	1428	1828	3712	3.4	5.3				
BWU UK Equity Income	1089	1417	1724	2363	3.7	4.2				
Britannia High Yield Inc	1138	1403	1979	-	3.5	3.8				
SECTOR AVERAGE	1035	1228	1598	2684	3.5	4.9				
UK Equity & Bond Income										
Balle Gifford Conv & General	1019	1353	2084	-	3.1	5.3				
Prolific Extra Income	1088	1206	1803	2926	3.0	4.8				
Cazenove UK Equity & Bond	1061	1271	-	-	2.9	6.4				
Edinburgh High Distribution	1046	1240	1453	2458	3.8	4.3				
N&P Higher Income	1055	1214	1832	3095	3.3	4.5				
SECTOR AVERAGE	1027	1157	1531	2408	3.0	5.8				
UK Equity & Bond Income										
Prolific Technology	1203	2270	4940	6024	5.9	5.0				
Framlington Health	1470	1974	2715	-	6.4	-				
HTR Global Technology	1032	1666	2669	5405	5.5	-				
Britannia Int'l Spec Opp's Acc	1220	1603	2511	-	4.8	-				
Sot Capital Equitable Technology	1108	1596	2235	4537	4.0	1.0				
SECTOR AVERAGE	1082	1256	1729	2549	3.8	1.1				
International Equity & Bond										
HSBC Global Bond	1104	1167	1673	-	1.9	6.5				
Thomson Dresdner Europe Bnd	1057	1157	-	-	1.8	5.6				
HSBC International Income	1149	1235	1975	2738	2.8	3.0				
Merlin Currie Int'l Income	1059	1221	1688	-	3.2	3.8				
M&G International Income	1058	1207	1613	2178	2.7	4.6				
Mercury Global Bond	1069	1207	1657	1978	3.3	4.0				
SECTOR AVERAGE	1040	1096	1693	1744	2.0	5.5				
International Fixed Interest										
Barclays Global Bond	1104	1167								

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Hugh Dickinson

The lost language of tenderness

Emotional deprivation is endemic in our society, which placards sexual and erotic images everywhere

He was sitting beside a pillar in a shadowy side aisle and sobbing quietly into a grubby handkerchief. I recognised him as a probationer for the choir selected earlier in the year at the mature age of nine.

"There was no one about, so I sat down beside him and put my arm round him and comforted him as I had often comforted my own children 20 years ago."

I listened to his misery and we agreed that life is horrible at times, but a friendly ear and a hug from a kindly adult work wonders. Just then a teacher from the school came past and I handed my young friend over - now much cheered up - to his pastoral care.

Later that evening I met the young teacher again. He thanked me for looking after the boy, and then paused and looked me straight in the eye. "You know," he said, "I wouldn't have dared do that. It might have cost me my job."

How sad that is. And yet

such is the terror of adults being open to accusations of abusing children that a whole range of natural and normal physical contacts between adults and children are open to suspicion. Many teachers hold back from any expressions of tenderness even with young children for fear they may be misinterpreted.

Children are deprived of the physical contact they really need and intuitively pick up from the adults around them an anxiety and reserve which must inhibit their own natural expression of affection.

There is a whole cycle of emotional deprivation endemic to our society which I suspect is less prevalent in other cultures. Physical tenderness creates bonds of affection and friendship which enrich our relationships. But we do not allow ourselves much of it.

For behind the warmth of expressions of physical affection there lurk the fires and volcanoes of powerful sexual drives.

We have a society which placards sexual and erotic

images everywhere and suggests that sexual fulfilment regardless of other personal qualities is the be-all and end-all of human life. Heaven is beautiful people on a package tour making love on exotic beaches. In such a climate physical tenderness can only mean sexual foreplay.

Tenderness between men signals homosexual advances. Tenderness between fathers and sons saps masculinity.

It is absurd; and yet in a society which allows such taboos on tenderness to permeate so many relationships a whole range of possible personal interactions is seriously restricted.

Psychotherapists working with adult abusers discover that there is invariably a history of childhood violence and abuse which may go back three generations or more.

In such families physical contact means only violence or sex. Longing for affection and tenderness themselves they know no other language than the one which they learned at their moth-

er's knee. Gross violence against children such as the massacre at Dunblane has its origin in gross violence against a child 50 years ago.

Paedophilia churns the stomach of any normal adult and provokes a punitive rage in almost all of us.

Children pick up from adults an anxiety which inhibits their affection

But we do not care to look too closely at the origins of that rage any more than we are willing to listen to the childhood history of paedophiles and understand the motors that have driven them to such grossly distorted actions.

The origins of love and hate lie deep within us all. Having some scapegoats they know no other language than the one which they learned at their moth-

er's knee. Gross violence against children such as the massacre at Dunblane has its origin in gross violence against a child 50 years ago.

Many young parents are themselves emotionally immature or deprived. Their interactions with their children are driven more by their own emotional needs than those of their offspring.

Teachers in the reception classes of primary schools report an increasing flood of four and five-year-olds arriving with no social skills and no concepts of boundaries.

The first two years in school have often to be spent not on the three Rs but learning acceptable behaviour.

The parents of such children frequently offer their children dysfunctional models of social behaviour and are verbally or physically abusive to teachers who are trying to help their children learn a different way of relating to other people.

Among these children there will be some who, as a consequence, will be the abusers and the paedophiles of the next generation. Sow the wind and reap the whirlwind. It seems grossly unfair that the teachers get the blame for our neglect.

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PERSPECTIVES



Policemen and soldiers race from Sarajevo's tunnel to celebrate the third anniversary of its completion

Rise and fall of monetary union

Benedikt Koehler says an early precursor to Emu shows how political priorities determine economics

What worries critics of economic and monetary union is the prospect that monetary union will bring political union in its wake.

But there is a historical precedent: Emu had a forerunner in 1865, when agreements were signed to establish the Latin Monetary Union. LMU was even more ambitious than Emu – it aspired to involve the US as well as Europe.

The rise and fall of LMU was determined by political, not economic priorities of the principal economic powers – France, Britain, Germany and the US.

With hindsight it is surprising that it took so long for advocates of monetary union to emerge.

Nineteenth century currencies

were based on gold, so by minting internationally acceptable

coinage a great advantage would be felt in the equalisation of exchange and the convenience of commerce. This suggestion was put by the US treasury in 1858 to the UK, but Anglo-American monetary union was soon forgotten when the US became embroiled in a civil war.

The debate did not go away.

The desirability of fixing monetary union was recommended by professors of London University's King's College to a statistical congress assembled in Berlin in 1863. The monetary unit proposed would be Britain's pound sterling.

The conference marked the zenith of LMU's reputation. What stopped its progress was Britain's isolationism and Germany's preoccupation with national unification of its fragmented territories.

Rivers Wilson indicated at the conference the exceptional and delicate situation of Her Majesty's government.

Under no circumstances, he went on to say, would Britain sign the treaty for monetary union, "so long as public opinion has not decided in favour of a change of the present system, which offers no serious inconveniences, either in wholesale or retail trade, and until it shall be sufficiently commanding to justly command the respect of all nations."

The LMU showed that monetary union could exist and did work

Fair, an international conference was convened in Paris to discuss enlargement.

The delegates at the conference included some of Europe's leading financial experts: for the Dutch delegation was Mees, Amsterdam's leading merchant bankers; a director of the Bank of Stockholm, Wallenberg, spoke for Sweden; Alfred Escher of Zurich, founder of Credit Suisse, represented Switzerland; and Britain's main envoy was Rivers Wilson, who later became a key figure in Egyptian debt reschedulings.

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The LMU showed that monetary union could exist and did work

tify the abandonment of that which is approved by experience and rooted in the habits of the people." Britain chose to opt out of monetary union.

Napoleon III convened an Imperial Commission in 1865 to plan the 1867 World Fair and reforms of international interest. Within months delegates from Belgium, Italy and Switzerland proposed the formation of a monetary union, which went on to be ratified in 1866.

Napoleonic energy had transformed the pipe dream into reality.

Now the quest was on for enlargement. A groundswell of opinion was growing on both sides of the Atlantic for the expansion of LMU. A report to the US Congress remarked that the only interest of any nation that could possibly be injuriously affected by the establishment of LMU would be France.

When the German Reich was established a few years later, business was conducted in six different coinage systems. It took until 1876, five years after political unification, that the first German Central Bank was incorporated. By this time, memories of the Franco-Prussian war were too fresh to contemplate a Franco-German union.

Were it not for the timing of unification, Germans today would probably count their wealth in francs rather than DMarks.

Britain and Germany, in effect, prevented LMU from crossing the Channel and the Rhine. Even so, LMU lived on until 1925 and proved remarkably resilient.

Then, as now, politics determined economics rather than vice versa. But LMU showed that monetary union could exist and did work.

The city that tunneled its way to survival

Sarajevo was not prepared to just sit and wait for its ordeal to end. Harriet Martin explains

For 3½ years Sarajevo was portrayed in the world's media as a victim city, surrounded by separatist Serbs who targeted civilians with sniper fire by day and shelled them by night.

It was a city which spent month after month without water, electricity or gas supplies. The city was dependent on the tentative will of the United Nations, which sought the approval of the Serbs before bringing in vital food supplies of wheat flour, oil and rice.

But the people of Sarajevo did not sit and wait for their ordeal to end. There was a secret means of survival against siege, albeit a poorly kept secret. No one admitted to it but everyone knew it was there. Loyalty and lack of information meant journalists could not write fully about the fact that the besieged city of Sarajevo was not completely cut off – it had a tunnel. And last year it completed its second tunnel.

The original tunnel was built in the first half of 1992. By the time of its completion the city had been under siege for more than a year. Until then, the only way out of Sarajevo was at night by means of a deadly 450-metre dash across the UN-controlled airport. The French troops patrolling the runway would pack up people trying to flee the horrors of the city and take them back.

In spite of Yugoslavia's renowned civil engineers many in Sarajevo were at first sceptical about building a tunnel under the airport. But a handful never

stopped believing in the project. One of the men involved, who does not want to be named, says: "I couldn't give up on the idea. My son was two years old, there was no fruit in the city, and I had to bring him some apples."

The project was finally approved by Alija Izetbegovic, Bosnia's president, and the resources were made available. A thorough survey was carried out – which involved engineers doing the deathly dash back and forth across the airport – and digging began in the spring of 1993.

The Serbs quickly found out about the scheme – as did the UN – as large piles of earth were mysteriously appearing either side of the airport. Demands were made for the digging to stop as a condition of the peace talks and the French UN tried to stop the tunnel's progress but failed.

The tunnel, 760 metres long, 1.2 metres wide and between 1.5 metres and 2 metres high when completed, was at times almost half-full with water. It was poorly lit and airless as crowds waded through, and was supported by iron girders every couple of metres and lined with slats of wood.

Wood was a rare commodity in Sarajevo in the winter of 1992/93 as it was the city's only source of heating. But the last of the available wood stocks were handed over to the tunnel engineers by the city authorities.

During the spring and early summer of 1993, peace talks were taking place in Geneva. But while Radovan Karadzic, then the leader of the Bosnian Serbs and President Izetbegovic were

arguing over the Vance-Owen peace plan, the Serbs started an offensive to take the land south of Sarajevo, including Mount Igman, then the Bosnians' only means of escape from the capital.

The Serbs had taken Trnovo, a town just south of Sarajevo, and were approaching Mount Igman. Work was still in progress on the tunnel, which was expected to be finished on July 26. President Izetbegovic was making hourly calls from Geneva back to Sarajevo, eager for its completion.

At 8.40pm on July 30 the tunnel was completed. Within the hour the troops from Sarajevo who had been waiting in Dobrinja, on the Sarajevo side for days, were streaming through to Mount Igman to stop the Serbs' offensive.

The Serbs were forced to go through the tunnel when, having travelled through Mount Igman in May last year, he found he was too late to cross the airport. In bullet proof vest and helmet, Pierre staggered through the tunnel. "I got two-thirds of the way through and I had to take my helmet off because it kept falling into my eyes. The next thing I knew I had hit my head on one of the iron girders," he says.

The Bosnian army always had priority access through the tunnel. At times of military offensives civilians would wait days to pass through – a crossing would be cancelled at the last minute to allow for new weapon supplies and for the injured and dead to be taken back to Sarajevo.

Twenty-four hours a day a one-way system regulated the passage of troops, civilians and commercial goods. Each day between 2,000 and 3,000 people used the tunnel.

Gradually, small quantities of goods that Sarajevo lacked began to seep into the city. An electricity cable which ran over Mount Igman was installed, a phone line was secured and eventually even a fuel pipe for diesel was laid. A mining rail track ran through the centre of the tunnel and 20 carts were used to carry military

equipment, baggage, commercial goods, and the elderly, infirm and injured.

To protect their access in and out of the city, the army worked hard to keep out international officials and foreign journalists.

Only a handful managed to get through, one of whom was the Swedish ambassador, Erik Pierre.

Pierre was forced to go through the tunnel when, having travelled through Mount Igman in May last year, he found he was too late to cross the airport.

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Only a handful of companies had the capital and the contacts needed to use the tunnel on a commercial basis. Even today, 11 months into the peace, it is difficult to find anyone prepared to speak publicly about the use of the tunnel – this may be due to mafia involvement in the tunnel.

Companies rented the tunnel by the hour from the army for exorbitant fees. One man called Misko, brought commercial goods into Sarajevo. He says: "The cost was enormous. On top of the fee to the army we had to pay

another DM10,000 to pay for drivers to do the death-run down Igman and for men to push the goods through the tunnel. In those eight hours the maximum goods we could get through the tunnel was 50 tonnes."

Alcohol was eventually banned from the tunnel following problems with civilians and businessmen who, on waiting for hours to carry drink through the tunnel, often consumed it.

It took 30 minutes for a group of civilians to get from the Sarajevo side through the tunnel – but up to an hour coming back as people would be laden with goods. Old women, children and men would return to Sarajevo carrying whatever they could – flour, sugar, salt, fruit, wood and even fuel, sometimes weighing as much as 100kg.

Frequently the heavy loads split, so as well as wading through water the tunnel was often inches thick in rotting food and split fuel. The wealthy rented a cart for between DM50 and DM100 and paid someone to push their goods through.

The lack of ventilation in the tunnel frequently resulted in people fainting and claustrophobia was also common.

The second tunnel, unlike the original one it is straight, properly drained, lined with corrugated iron not wood, and well lit.

Many in the government think it is time to turn the war-time tunnel into a monument and open it up to tourists. But the army seems to have no intention of relinquishing its control. It wants to keep it that way, just in case it should ever need it again.

US senator Sherman also favoured monetary union and was little concerned about national sovereignty: "Every

obstruction to a free exchange is born of the narrow, despotic spirit which planted castles upon the Rhine to plunder peaceful commerce.

"Every obstruction to commerce is a tax upon consumption; every facility to a free exchange cheapens commodities, increases trade and production, and promotes civilisation."

With this impetus and against the backdrop of the 1867 World

Sanctuary for the wild, desert king

Christian Tyler on plans to protect China's Bactrian camel

There were some startled witnesses to China's nuclear test under the Lop desert last week. For this grim region of rock, sand and salt flats is one of the few remaining refuges of the wild Bactrian camel.

A hairy creature with bald knees, large feet and two small humps, *Camelus bactrianus fuscus* clings to life in terrain so bare and unpleasant that only a few hunters, gold-diggers, iron-ore miners (and nuclear technicians) bother to go there.

Between 750 and 800 of the animals survive in the world, according to the most recent estimate; they are distributed between the Chinese-Mongolian border and the Gashun Gobi and Taklimakan deserts in China. Following an expedition by local experts earlier this year, the authorities are being urged to set up a sanctuary over an area of 100,000 sq kms.

When camels usually rest, We hurried to her and I made a few sketches while she was still alive. She did not look at us but seemed to be in despair at having to part for ever with her otherwise inviolate desert land. Before she died, she opened her mouth and bit into the sand. I now forbade any more shooting."

One hundred years ago exactly, Sven Hedin, the intrepid Swede, caught up with several small herds while crossing the neighbouring Taklimakan desert from south to north. The sight of their wild cousins, he reported, drove his baggage camels into a frenzy.

Over a breakfast of kippers at The Savoy Hotel in London, he explained that because their habitat is so isolated, the Lop camels are genetically pure. A test on a specimen of DNA carried out by the Wildlife Conservation Society at the Bronx Zoo in New York indicated that the wild camel's

genetic make-up was quite different to that of the domestic. The society's conservation biologist, George Amato, was more cautious. "The analysis is very interesting and there is evidence that they may be distinct from their relatives," he said. A scientific paper is in preparation.

Though shy, the wild camel is very tough. It is smaller and lighter than the domestic version. In the rutting season, according to local herdsmen, unsuccessful bull camels will travel up to 150km to mate with a domestic female. The hybrid calves are usually killed because they are so troublesome.

The wild Bactrian is internationally recognised as an endan-

Proposed site for the camel reserve within the Lop Nur nature sanctuary



A rare picture of a wild Bactrian camel with her newborn calf filmed by John Hare in the Gashun Gobi this year. There are thought to be only 750-800 of the creatures left.

In Mongolia wild camels are afforded some protection by the Great Gobi National Park, set up with UNEP funding, and by the Mongolian herdsman's taboo against hunting them. In western China, although there already exists a reserve in the Altun mountains to the south of the Lop desert, the camels are threatened by hunters and miners, both legal and illegal.

According to John Hare, some gold-diggers have been blowing the camels up with home-made landmines at water holes. The cost of creating the reserve is put at just under \$1m and funds will be sought from sources such as the World Bank's global environment facility. Hare said a private investor, a sheikh in Dubai, had offered to fund a \$200,000 breeding centre. China's national environmental protection agency had agreed to cover staff and management costs for 10 years.

Meanwhile the Gobi camels can look forward to a future with fewer trembles. Last week's nuclear explosion was China's final test for an indefinite period. Officials announced, as negotiations resumed in Geneva to complete a worldwide test ban treaty. But will less exposure to nuclear radiation mean greater exposure to the outside world?

مكتبة الملك عبد الله

FOOD AND DRINK

The state of wine in Washington

Jancis Robinson visits a curious region where much of the produce is snapped up by the locals

We drove east from Seattle: "The roads are so good here, you can make a day trip to a vineyard 250 miles away without any stress," said British Master of Wine David Lake happily as we headed for eastern Washington, surely one of the world's most curious wine regions.

We left Microsoft and Boeing, to climb over the Cascades through cloud-covered Ponderosa pine forests with the snowy peaks of the Mount Stuart range to the north. Less than a mile over the summit, the sun began to set, as it does without fail throughout the summer on this side of the mountains. Gentle breezes made satiny ripples on the grassy Elk Hills.

We turned south through the Yakima Canyon, a wonder of nature apparently created for our exclusive enjoyment that bright, sunny day, and then pulled up for a short (small), dry (not too frothy) cappuccino "to go". Just about every small settlement in the hinterland has its own little drive-in espresso joint - a boon for jet-lag sufferers trying to inspect a wine region.

Part of what makes eastern Washington - America's second most important wine land after California - so strange is the arid landscape. In between the sage-

brush, the wheatfields that roll "all the way to Kansas" as the locals say proudly, make it look so much more Wizard of Oz than wine country. Every so often, however, a farmer has planted a south-facing slope with a patch of green vines among the gold, and very out of place they look.

Hops, apples and other fruits are all much more

Nature seems to send Washington a good vintage every even year

common, and have a local history that pre-dates wine's arrival east of the Cascades only about 20 years ago.

Drought is the summer problem, vine freeze the winter one. You can therefore only plant a vineyard where you can find enough water to irrigate it (everyone is starting to worry about water, even though many vineyards overlook the Columbia river), and ideally above the coldest spots in winter.

Harshest winters come every five to seven years with such predictability that their predictions are factored in to the financial forecasts of any

vine grower. Last winter was the coldest since 1979 and this year's crop will probably be down by more than half. In terms of quality, however, nature obligingly seems to send Washington a good vintage every even year, so prudent wine enthusiasts are stocking up on the exceptionally good 1994s. The trouble is that since Seattle is such a desirable place to live, the best Washington wines sell far too easily locally for the rest of us to get our hands on them.

Even the most respected Seattle wine retailers have to beg for and eventually ration their allocations of top bottlings from the likes of Leonetti, Woodward Canyon and Quilceda Creek, at \$30 to \$50 a bottle. Gary Figgins opens his Leonetti Cellar just one day a year to sell his richly oaked reds. Exports represent a mere 3 per cent of the market's production.

This is a shame, for eastern Washington, with its long sunny evenings and cool nights, produces distinctive and appetisingly bright reds, especially Merlot and Cabernet Franc, in taste somewhere between California and New Zealand (although the locals describe it as "north of Bordeaux and south of Chinon").

Washington wine growers realised they had something special on their hands with

Merlot some time ago and now thoughtful producers such as Chris Carmarda of Andrew Will Cellars (Andrew is his son, Will his nephew) are realising the benefits of blending Merlot and Cabernet.

The sometimes first rate wines of Andrew Will, David Lake's Columbia and the whites of Chateau Ste Michelle, the industry giant, are all made west of the Cascades from fruit or juice trucked hundreds of miles from the east. This is just one way in which Washington apparently makes a nonsense of the European premise that wine is the product

of a place. Another is the fact that winemaking and vine-growing are distinct activities. With the exception of Stimson Lane, the US Tobacco-owned holding company for Chateau Ste Michelle, Columbia Crest and Snoqualmie, which is also the state's biggest vineyard-owner, most of the grapes are grown by large-scale mixed farmers who sell their fruit to a wide range of producers.

Thus, although wines labelled with a single vineyard are slowly becoming more common, most of the top wine producers seem to buy from the same vineyards

all over the Columbia Basin, simply varying the proportions a bit in different blends - a nightmare for wine geographers.

Put this together with the fact that the most common "appellation", Columbia Valley, covers about 18,000 square miles, is cunningly devised so as to include viticulturally diverse parts of northern Oregon, is used alongside the Washington State appellation, and includes the Yakima Valley appellation, the Médoc of Washington state, and you have a wine industry that is using geography to help itself rather than the con-

sumer. Or has the modern consumer rejected geography altogether for grape names?

Riesling (Austria's Blaufrankisch) is a local specialty with potential if little market resonance. Chardonnay, perhaps inevitably, is the most planted wine, but the only really interesting examples I tasted were a 1993 from the fully mature Cold Creek vineyard made by Chateau Ste Michelle and Woodward Canyon's 1994 from the unirrigated Callo vineyard in the Columbia Gorge on the Oregon border. The most distinctive Chardonnay to have come my

way from an Oregon wine-maker turned out to be Ken Wright's rendering of the same fruit.

Riesling, and particularly Semillon, seem more at home in eastern Washington. And for our future white wine selection, Red Willow vineyard in eastern Yakima, where David Lake's stylish Columbia Syrah and Caratappi's extraordinary Sangiovese are grown, is experimenting with - what else? - Viognier.

UK retailers of Washington wines include Oddbins, Corney & Barrow of London, ECI and Forth Wines of Scotland on 01577-863662.



Red Willow vineyards overlooked by Mount Adams in Washington state

It was beef, now it is lamb, soon it will be chicken and pork. You cannot gloss over it, intensive farming is to blame: cheap meat for the punters, with big profit margins for the producers. Now we all need to think about the future and decide if there isn't a little silver lining to this big, black cloud.

I am prepared to believe that the authorities have tried to steer us through the minefield of what is safe and what is not, but no one could suggest that they have done anything other than create confusion.

If the risk was chiefly from old dairy cattle minced up into hamburgers and industrially prepared food, why was this not made clear from the outset? Was there ever any real danger from prime cuts beef?

A few months ago in these pages I suggested that what we needed were effective guarantees as to the origins of the beef (and other meats) which we buy, and I threatened to go on the barricades for British beef. I thought I might pull in a few like-minded souls, but the response was derisory. I retired, sulking, to my tent.

That was before the storm broke. Now I am more adamant than ever: consumers need to know more about the meat they buy from the shops.

It is an opportunity for quality-conscious farmers to clean up. It is also the moment for the poor butchers, squeezed by the supermarkets at one end and vegetarians at the other, to demonstrate that they are far better equipped to reassure the shopper than the supermarket.

These thoughts occurred to me in Kincardineshire in Scotland, where I had gone to Glencoe to see Stewart Macphie. Macphie has a closed herd of 100 per cent Angus cattle, from which he produces the sort of meat Britons were reared on: well-hung cuts of beef with pronounced subcutaneous marbling which keeps it sweet and moist in the oven; no Brodning steaks from scrawny Tuscan beasts, and no fat-free fillets from quickly-growing French heavyweights either.

Macphie's idea of opening



Stewart Macphie: produces the sort of beef Britons were reared on

Britain's farmers should bring back hanging

It is one way to save the beef industry, says Giles MacDonogh

his own butchery unit has come to fruition; he can now be certain of the quality of his meat right down to the minute it leaves his premises to be delivered to a hotel, restaurant or butcher's shop.

The £1m unit - £200,000 of which came from the EU - opened on July 12. Egon Ronay, the Hungarian-born gastronome, was there to do the honours. Instead of the usual cake, he carved a slice from a rib of beef and, holding it aloft, declared "Bring back hanging!" - thereby addressing an issue central to the revival of proper beef production in Britain.

I have long been convinced that the downward turn in consumption is in part to do with the relative freshness of meat offered in the supermarkets. A generation ago all British flesh - from chicken to beef and

game - was hung for a few days.

As a Swedish biochemist once explained to me, meat needs to be hung to break down the acids which multiply in the flesh after slaughter. Meat eaten before it is ready is unhealthy and hard to digest.

From now on, all Macphie beef will be hung for between 14 and 20 days, like the magnificent carcasses I saw in the new butchery unit. And taking an idea which is dear to my heart, all his beef will now be transported in boxes bearing a "kite-mark", assuring the recipient that it is 100 per cent Angus (for beef from the grass-fed, suckler herd at Glencoe), or 75 per cent Angus (for local farmers who want to come in on the scheme).

These farmers must assure

pedigree Aberdeen Angus, and their cows no less than 50 per cent Angus and 50 per cent from another prime beef herd. As Macphie's stockman told me, where confusion exists over how BSE got into beef herds, it normally occurred when the farmer had bought a replacement cow which was partly of dairy stock.

I should have liked him to do even better, at least as far as the meat destined for butchers' shops was concerned, and actually supply the meat with a 100 per cent Glencoe Angus tag. In France top butchers use tags such as these for their best veal, for example. This way, consumers have ocular proof of the quality of the meat they are buying.

I should also like to see a

better policing of the meat in butchers' shops by disinterested panels or committees. These farmers must assure

Appetisers

The purchase at auction of a single bottle of 1874 Macallan malt whisky has goaded the ever-inventive directors of the distillery into action. After tasting a tiny amount of the whisky, the distillery manager, Frank Newlands, was asked to produce a special bottling of Macallan which mirrored its "character and appearance". It can't

have been easy: a great deal

has changed since 1874, not least the barley. I found the re-creation far nuttier and richer than the original, which was surprisingly pale, and very honeyed. I am assured, however, that the differences will disappear with age. Limited quantities of the recreated "1874" Macallan is available from

specialists, price £65-£70.

Two interesting new summer beers take their cue from German wheat beers and are bottled with their yeast to make them slightly cloudy: King & Barnes' "Corn Beer" (Oddbins £1.49), and Marks and Spencer's lemon-flavoured "Weizen" type, 24.99 for a pack of four. Giles MacDonogh

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دعا من الرجل

Two large discs of it held

sealed between them a domed mound of beautifully seasoned spinach puree with pine nuts and Parmigiano. The parcel was dotted with rice flour and shallow fried briefly on both sides. I have asked to go back for a lesson in making it.

Until then, here are my own current favourite ways to cook spinach. They are substantial dishes, each almost a meal in its own right.

SAAG PANEER (serves two as a light main dish, or four as a side dish)

until weight it down for at least two hours to compress the cheese into a neat block. Wrap and refrigerate until required, and cut into cubes for frying.

W

up of any cheese, whether it is soft, hard, or semi-hard, and add it to a dish. This is a great way to use up cheese that is not being used. These who do not like cheese should add it to soups, salads, or casseroles. Many people like to add cheese to soups and stews, and in fact, many cheeses are perfect for this. If you are a fan of cheese, then you will love this dish. It is a simple dish that is easy to make and delicious to eat.

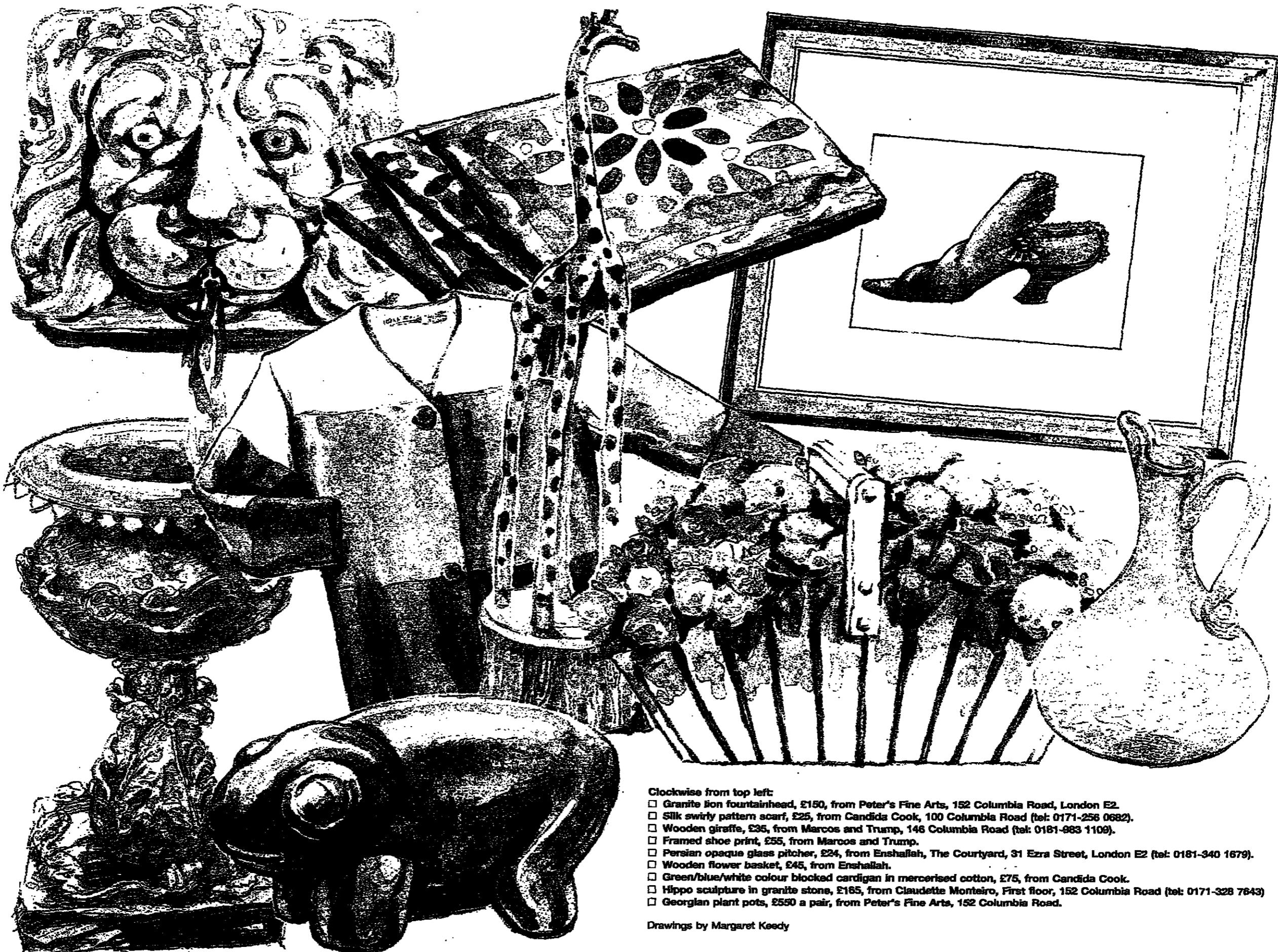
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The

Karen Wheeler

HOW TO SPEND IT / FASHION



Clockwise from top left:
 Granite lion fountainhead, £150, from Peter's Fine Arts, 152 Columbia Road, London E2.
 Silk swirl pattern scarf, £25, from Candida Cook, 100 Columbia Road (tel: 0171-256 0682).
 Wooden giraffe, £35, from Marcos and Trump, 146 Columbia Road (tel: 0161-983 1106).
 Framed shoe print, £55, from Marcos and Trump.
 Persian opaque glass pitcher, £24, from Enshafah, The Courtyard, 31 Ezra Street, London E2 (tel: 0161-340 1679).
 Wooden flower basket, £45, from Enshallah.
 Green/blue/white colour blocked cardigan in mercerised cotton, £75, from Candida Cook.
 Hippo sculpture in granite stone, £165, from Claudette Monteiro, First floor, 152 Columbia Road (tel: 0171-328 7643).
 Georgian plant pots, £250 a pair, from Peter's Fine Arts, 152 Columbia Road.

Drawings by Margaret Keedy

The secret market hidden in the east

Karen Wheeler visits Columbia Road and explains its appeal to trendy shoppers who go in search of a bargain on Sundays

The East End of London has never been considered a hot shopping spot by those who fancy themselves as style-conscious, most of whom would not dream of venturing east of Bond Street. Yet trendy shoppers are suddenly heading east - on Sunday mornings at least - to the Columbia Road flower market.

A brisk 10-minute walk from Bethnal Green underground station (beware the traffic wardens if you drive), this is currently London's most fashionable - and least known - market. It has always been popular with East Enders and gardeners - the keenest arrive at 6am to pick up the strongest seedlings - but has now become a favourite haunt of smart shoppers seeking every thing from antique garden furniture to fashion accessories and quirky objects for the home.

"Unless they are into gardening, 99 per cent of Londoners do not even know that it exists. Those who do regard it as their own secret market," says one, admittedly biased, trader.

Many people arrive just before close of trade at 2pm when cut

flowers are sold off cheaply in multiple bunches. It is quite usual to see fashionably dressed couples carrying armfuls of fragrant white lilies or Joseph carrier bags stuffed with pink Japanese peonies back to their minimalist flats. Others can be seen valiantly struggling with vast terracotta pots, Victorian watering cans, trays full of seedlings or towering pieces of exotic vegetation.

The market's history dates back to 1888 when it was named Crabtree Row and considered quite seedy. The market was originally developed to bring cheap food to the poor of the area but it evolved into a flower and plant market, which was licensed in 1927. As might be expected, many of the Columbia Road shops now sell antique garden furniture and although there are few of them, it is a case of quality rather than quantity - just about every one merits a visit and most are packed with unusual gift ideas and desirable objects for the home.

A lot of interesting people come through on a Sunday morning including a high proportion of professional couples - many of whom are developing their gardens and also spending money on their homes," explains Brian Campbell, proprietor of a curios

American and Belgian dealers seeking anything in porcelain.

Terracotta pots and urns in all shapes and sizes are a good buy and are to be found in abundance in Columbia Road. But better still are the glazed pots from Vietnam (£40 buys a huge one) available in blue or green at Shanaz Store (102 Columbia Road).

It was originally developed to bring cheap food to the area's poor

Peter Corsini (182 Columbia Road) sells antique garden statues, cherubs and fountain heads, Victorian marble columns and vintage glass vases as well as a smattering of reproduction garden furniture.

Peter Corsini (182 Columbia Road) sells antique garden statues, cherubs and fountain heads, Victorian marble columns and vintage glass vases as well as a smattering of reproduction garden furniture.

Among the best bargains seen on a recent visit was an impressive pair of Georgian outdoor plant pots for £250 (you could expect to see a one in front of that figure if buying in the Kings Road). The shop is popular with

vintage French shoes for £35 are charming and would make great gifts. The shop also stocks lamp shades, mirrors, metal flower stands (£25 for a set of three) and morphic, curvy stone sculptures from Zaire.

Imelda Van der Bijl (No.122) is another inspired source of gift ideas and home objects including glassware and Burmese pots by Jacqueline Edge and many floral themed items, including teapots, mugs and cards.

Good pieces of antique furniture, though not so plentiful, can also be found in Columbia Road and for beady-eyed shoppers there are bargains to be had. The Arts and Crafts shop at 114 Columbia Road specialises in furniture and recently offered a square oak table at £250 and a good quality chest of drawers (c.1900) for £35.

In Atelier (No.118) I spotted a long narrow, Spanish dining table in a dark hardwood which was a snap at £500 (a similar table in a fashionable west London shop is currently on sale for over three times that price).

Bargain hunters should also check out Pot Luck (No.84), a shop selling entirely white pottery. Useful Portmeirion, oven-proof dishes and enormous mixing bowls can be picked up for around £5. Another delightful shop is The Flower Room (No.96) which stocks essential oils, room fragrances and pot pourri.

Those as interested in furnishing their wardrobe as their home or garden will find great knitwear at very reasonable prices by Candida Cook (No.100). Good buys include long cardigans and simple V-neck sweaters in mercerised cotton or Alpaca in lovely shades of mint green, sky blue or blush pink from £50. Silk scarves in colourful abstract swirls (£25) by Cook's sister Antonia are sold alongside the knitwear.

In keeping with the unique East End atmosphere, many shoppers can also be spotted eating from small tubs containing cockles, mussels, and whelks from Lee's Sea Foods. Also available are hot pots of calamari or tiger prawns.

The best place to sit and take stock of your purchases or make a start on the Sunday newspaper is the Blue Orange Espresso bar. Adjacent to the Bear Loft in Ezra Street this has a fashionable buzz about it and serves doughnuts, treacle cake and croissants as well as cappuccino, hot chocolate and iced coffee. For lunch there is a very cheap but good tapas bar, called Laxieb, at 95 Columbia Road.

climb a narrow staircase and bubble-gum pink walls give way to a room filled with replica antique bears, hand-made teddys, assorted Paddingtons and all kinds of bear paraphernalia.

For Sunday morning sustenance, Café Columbian is good for black coffee and bagels (filled with everything from cream cheese and smoked salmon to mozzarella, tomato and avocado). In keeping with the unique East End atmosphere, many shoppers can also be spotted eating from small tubs containing cockles, mussels, and whelks from Lee's Sea Foods. Also available are hot pots of calamari or tiger prawns.

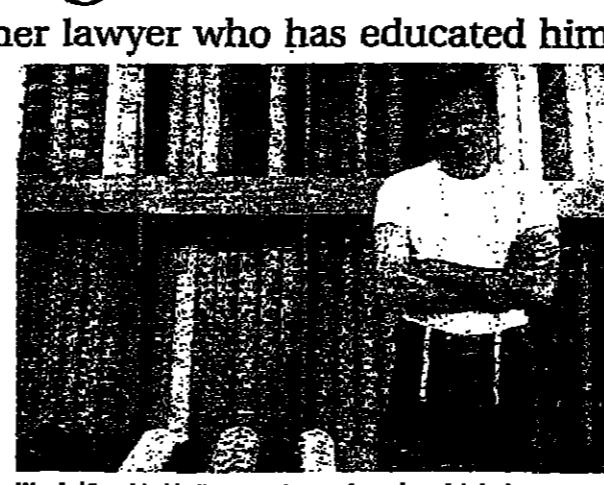
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■ Columbia Road flower market. London E2. Sundays, 8am-3pm.

most highly regarded fabric emporiums.

The word is that this treasure trove of precious fabrics is a good place for celebrity spotting. Vianni smiles, and remains non-committal. "I stock only the finest fabrics, so I can expect to attract the finest clientele."

■ Warris Vianni, 85 Golborne Road, London W10, tel: 0181-964 0069



Understanding the fabric of high society

Damian Foxe meets a former lawyer who has educated himself in the art of exotic cloths

Warris Vianni & Co should be marked by a large X on the map of any treasure-hunter. Unexpected in its location at the raffish end of Portobello market, Vianni's emporium houses a richly diverse selection of exquisite fabrics. Delicately expressive and lyrically beautiful, each fabric is an original creation crafted by artisans, in exotic weaves, striking colours and vibrant hues.

An exquisite silk-damask

panel painstakingly woven with the individually disassembled strands of peacock feathers, resembles a shore of precious jewels awash with waves of blackest ink. An Indo-Persian silk/satin Jacquard pays homage to the reign of the Mogul emperor when Paradise was seen as a garden of cool shade and water.

Leaf patterns, handed down from generation to generation, are picked out in delicate shades of lapis with hints of pomegranate.

A traditional Shatoosh or shawl, woven with hair from under the neck of the Capra Hircus goat, is priced at £1,000 and hidden away under the main counter for safe-keeping. In natural hues of silver bark, it leaves cash-

mere seeming rough as coarse wool by contrast.

Now in his second year in the fabric trade, Warris Vianni happened upon his current vocation from a surprising background.

Having read law at the London School of Economics and Cambridge, he practised corporate law in the City for seven years before embarking on his new venture.

Drawing on a highly developed visual sense inherited from a family background in pearls and fabrics, Vianni educated himself through a combined process of "tapping his own instincts and asking a great number of very stupid questions".

After carefully examining what was available in England he decided that the

market had several gaping niches begging to be filled. White-washed walls, striped floorboards and the spare, simple and clean lines

of the Bauhaus-inspired furniture provide a perfect counterpoint to the decorative nature of the fabrics which Vianni stocks.

The weft threads on the

reverse of the fabric are laboriously snipped away, using the traditional cut-work technique, bringing out the patterns of the fabric and creating subtle variations in transparency and colour depth.

These sit comfortably alongside decorative dress fabrics which Vianni encourages his clients to use for either person or home.

Manufacturing methods are labour-intensive, thus ensuring both quality and exclusivity. Decorative wild silks are woven on Jacquard looms in lengths of 10 to 12 metres, in a production cycle

which is geared towards limited quantities.

The weft threads on the

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PROPERTY

Steady rise in the old, flat county

Norfolk is at last beginning to recover from its post-boom declines, says Gerald Cagogan

When speaking of Norfolk, Noel Coward was succinct: "Very flat." This was, perhaps, economical with the truth and cruel. If much of the county is flat, it is far from dull. Norfolk is a treasure house of old towns and villages, beautiful coasts, and grand churches and country houses.

But "flat" perfectly describes Norfolk property prices since the 1980s boom, when the opening of the M11 fuelled a sharp rise, followed by a drastic fall of 40 per cent or more in residential properties.

In the last three years, prices have been flat or have even declined – in contrast to the rest of southern England where they have risen smartly for good properties.

Now the tide is turning. Buyers are at last starting to take notice of the attractive Norfolk prices. Many potential buyers are from London and some are trading up in Norfolk itself. However, even with better communications, it is a long haul for London commuters: from King's Lynn 1hr 40min – at best – by train, and from Norwich around two hours.

However its distance from the capital helps Norfolk keep its old-fashioned character, as do the large estates – including the royal family's, the Cholmondeley and Leicester estates – while the National Trust owns much of the northern coastline.

Norwich, the ancient county town, where you can visit architect Norman Foster's gleaming Sainsbury Centre for the Visual Arts at the University of East Anglia, the cathedral, and the castle museum with its collections of John Self Cotman paintings and Lowestoft china. Other delights are boating on the Broads, and visiting an endless supply of glorious, mysterious churches erected on the profits of the medieval wool trade, or great post-medieval houses such as Sir Robert Walpole's Houghton Hall.

Today's value in Norfolk may well tempt parents off the beach at Brancaster or Wells for a day of horse-hunting.

On the edge of Norwich, Harford Hills is a rare four-bedroom 1830 gothic cottage ornée in thatch and white paint. It has notable eyebrow-thatched sur-



Crown Point Hall, built in 1865, would make a magnificent house or could be converted; Savills is asking £280,000



Harford Hills is an unusual four-bedroom cottage on the edge of Norwich; from Strutt and Parker for £495,000

rounds to the windows and was built by one of the locally prominent Gurney family as a summer residence. Available from Strutt and Parker for £495,000, there are also three acres and views over the Yare valley.

For a little less (£285,000, from S&P or Temples) choose the Victorian gothic rectory at Wramplingham, seven miles from Norwich.

If that seems a lot, a late Georgian rectory at Newton Flotman, also seven miles from Norwich, went recently to "best and final offers" as it had eight bidders. Its guide price with Bidwells was £420,000.

The prize for a house with the most history goes to The Priory, at Horsham St Faith, four miles from Norwich, which was the rectory of a 12th century priory.

At the Dissolution it passed to Sir Richard Southwell, Master of the Rolls under Henry VIII, together with a 2,500 acre estate. Southwell's son, Robert, the poet, was born there. Educated abroad he became a Jesuit, returning secretly to England to spread his faith.

For this he was hanged and

quartered in 1585, and canonised in the 20th century.

Much of the grade I house is made of the white Caen stone from Normandy which was also used for Norwich cathedral. It has Tudor fireplaces, panelling, a priest hole, and the only 18th

century refectory wall paintings to survive in the country. Their centrepiece is a 16th high Crucifixion.

Smaller panels show the founding of the priory. During the

Dissolution, the paintings were hidden behind panelling which

helped to preserve them until they were rediscovered in 1924 and 1971. The Priory comes with six acres and costs £225,000 (Savills).

Elsewhere in Norfolk, Knoll House is a smart early 18th century house near the church in Aylsham priced at £260,000 (down from £300,000) with S&P, which is also selling in Reepham The Cardinal's Hat, an early 16th century timber-framed house – apparently the oldest in town – for £117,500.

In the west part of the county, to the south of King's Lynn, are several attractive houses at prices that would be much more if they were on the north coast – or within 10 miles of the Norwich southern bypass, regarded as the other premium area.

The Grange, in Steeple, is a Georgian box house with five acres running down to the river Nar (with trout fishing), from Beltons for £240,000.

Bedfords also lists Denver Hall (£250,000), early Tudor with a later Tudor gatehouse, a former corn mill at Shoulton, Thorpe (£165,000), and The Old Hall (£229,000), of 14th century monastic origins, in Oxborough, where the National Trust has the imitated Oxburgh Hall.

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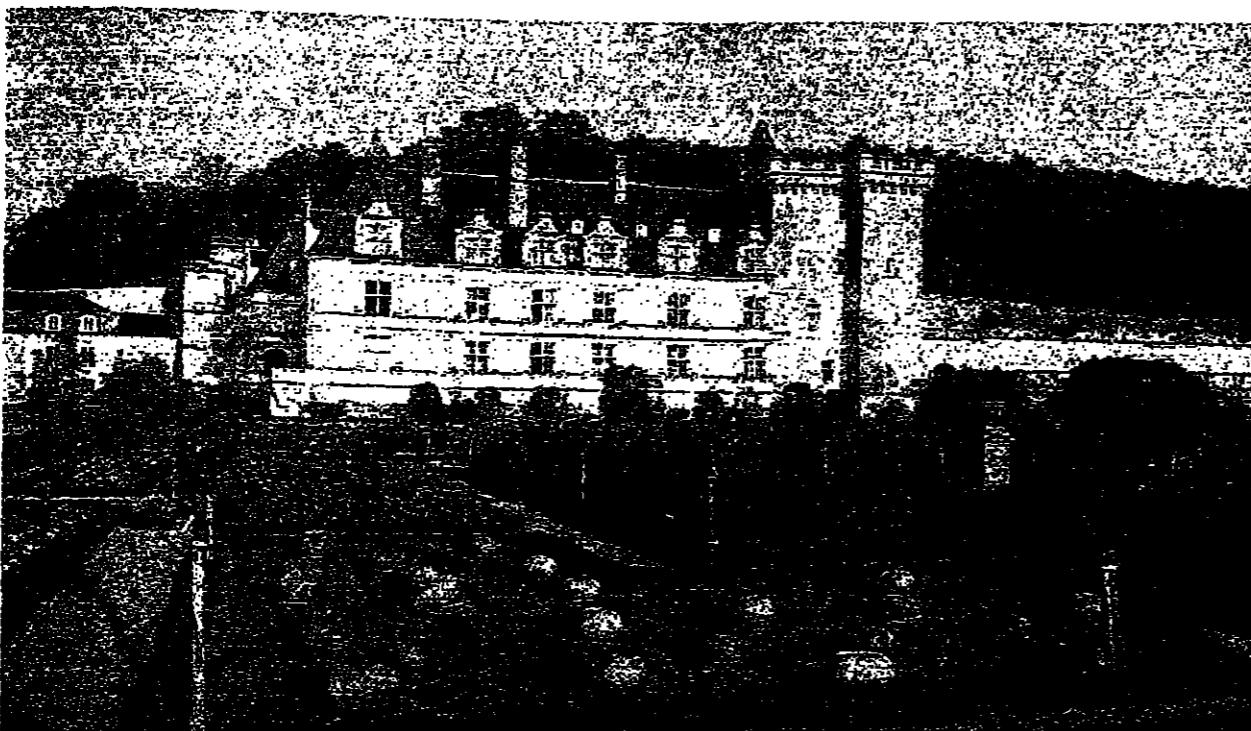
J just over the border from Norfolk, in north Cambridgeshire, is the fen village of Christishurch, where the rectory is for sale for £230,000 and its coach house for £23,000. The 18th brick house has a 30ft long hall and a fine garden. The writer Dorothy Sayers lived here when her father was rector from 1917 to 1928. She mentions Christishurch in "The Nine Tailors" (1934), a novel of murder, bell-ringing and detection (by Lord Peter Wimsey) and a magnificent evocation of the mystery of East Anglian churches. Holidaymakers, house-hunters in the Fens or Norfolk could read the book on location. The agents for Christishurch are Beltons (01533-770055) and Carter Jonas (01533-681000).

watch the changing of the guard. The house, dating to 1917, appears often in Milne's writings. Its price of £1.2m, many times that of the Sayers house in the Fens, is not a comment on their relative literary merit. ■ Hartsham Park near Chippenham in Wiltshire is a pleasing piece of Georgian rationalism designed by Knight Frank (0171-628 8171). The vendor is Tate & Lyle. Gerald Cadogan

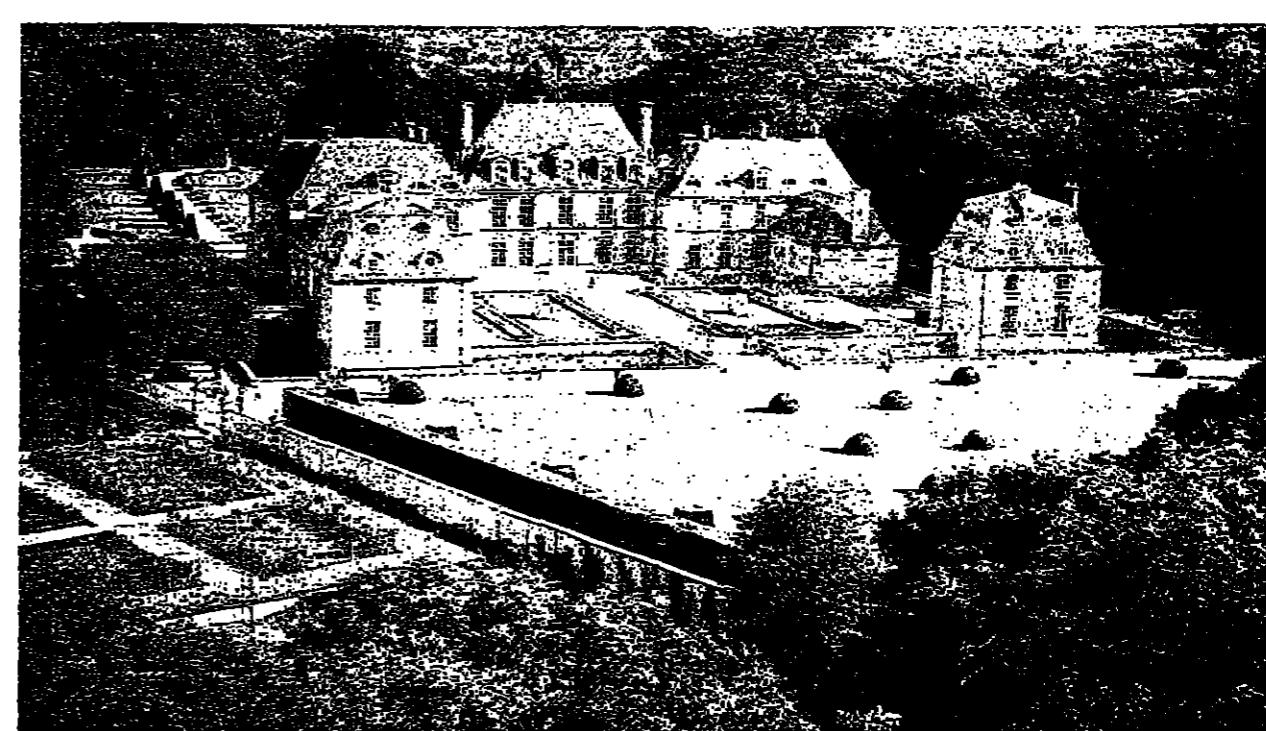
■ At the other end of the country, Thorne Island is a small island off the Pembrokeshire coast at the entrance to Milford Haven. An 18th fort, designed to protect the naval base in Milford Haven from the French, occupies most of the space. It is now a hotel with 10 bedrooms, but could make a private house. Sailing, swimming, fishing and catching lobsters are some of the attractions. The island affords complete privacy despite being only a quarter of a mile from shore. It can be reached by boat in all but the worst gales. The price is £275,000 from Knight Frank (01432-273087).

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PROPERTY



The Renaissance Chateau de Villandry in the Loire Valley was restored to its full glory by Joachim Carvallo



Photographer: Capus

A taste of French aristocratic life

There are more châteaux than ever open to the public, thanks to the country's private owners' 'trade union', says Gillian Mawrey

Tourism could be the financial saviour of France's historic estates. That was the belief of Joachim Carvallo when he founded *La Demeure Historique*, the country's private owners' "trade union".

Carvallo's proud legacy has continued lobbying successive French governments, gaining tax concessions in exchange for public access to listed properties. As a result, visitors to France this summer will find more châteaux than ever to visit.

Many owners have been persuaded to exchange loss of privacy for the chance of keeping the ancestral home solvent and in the family.

Since 1988, listed properties open to the public for a minimum number of days per year enjoy considerable tax concessions. No death duties are payable in France on the transfer of a listed building, provided the heirs enter into a contract to open during their own lifetime for a 100 days a year - or 80 in summer.

On the same conditions the

costs of restoration, maintenance and opening to the public can be deducted in full from an owner's total revenue. Opening for just 50 days a year (or 40 in summer) still carries this entitlement to income tax relief, and owners who prefer not to open to the public may claim 50 per cent of their expenses.

Although there is an annual wealth tax on buildings and estate, it does not apply to furniture or pictures. Not surprisingly then, French owners of historic houses feel they have one of the best tax regimes in Europe.

Back in the 1990s, however, few aristocratic Frenchmen would have believed that at the end of the century a surprising number of historic estates would not only remain in the hands of the same family but would be in a sound position both structurally and financially.

Seven years ago they were demoralised by the combined effects of punitive taxes and changing social attitudes. As often happens, it was an outsider who provided the impetus for what was to lead to their salvation.

Carvallo was a Spaniard by birth but he had already made one big contribution to the cultural life of his adopted country by restoring the Renaissance château of Villandry in the Loire Valley, and creating the famous gardens there.

When Villandry no longer pro-

vided enough scope for his restorations, he turned his attention to the problems of fellow proprietors. Carvallo had long lamented the distressed state of so many historic buildings in France. He believed their owners would have more influence if they presented a united front on matters such as taxation or the laws of inheritance. So he started by lobbying his friends, including dilettante Boni de Castellane. De Castellane's social and cultural connections made him the perfect partner for Carvallo, whose "rare combination of vivid imagination and rigorous logic" he much admired.

In 1993 Carvallo invited the "historic" aristocrats and "cultural" academics and artists to a meeting, at which he encouraged the owners of historic buildings

to unite in the manner of a trade union. To both groups Carvallo explained how the association he envisaged could protect the architectural heritage of France in its rich diversity. His audience responded enthusiastically and, the next year, *La Demeure Historique* was born.

Carvallo worked hard to per-

suade as many members as possible to open their houses to the public. One of the first was the great château of Maintenon. And its owner, the Duc de Noailles took visitors round himself.

Carvallo thought tourism was under-developed in France and one of his first objectives was to create an efficient infrastructure

linking châteaux with local tourist offices and public transport. He also initiated an annual guide which listed the houses and their opening hours. Leaving his gardens unfinished, Carvallo spent the last 12 years of his life travelling ceaselessly through France in the cause of *le patrimoine*. When he died in March 1996 his obituary in *The Times* barely referred to Villandry, seeing the creation of *La Demeure Historique* as his real achievement.

The great houses of France suffered again during the second world war. Throughout the 1950s, describing the state of the houses as "tragic", and their restoration and upkeep as an "impossibility" for their owners, *La Demeure Historique* lobbied everyone from Canon Kir to General de Gaulle.

However, it took until 1964 for the government to allow the expenses of running a stately home to be set against revenue.

Today *La Demeure Historique* has 2,500 members (including Mick Jagger, the rock singer, who owns a house in France) and looks after their interests with great professionalism.

Henri-François de Breteuil has been its president since 1982. He is from a family with a long tradition of public service. One Marquis de Breteuil was prime minister under Louis XVI. "He had been minister of the interior for quite a while," his descendant explains, "and was only prime minister for five days - but they were the days surrounding the Fall of the Bastille, so what a few

tocrats: the rest are people who have bought and saved a château. "We are an association of professionals," he says.

During his years in office he has indeed steered the organisation towards ever greater professionalism. A staff of five, working with the council from an elegant 17th century pavilion on the banks of the Seine, administers an annual budget of FFr1.6m.

Breteuil does not expect changes to French inheritance laws which insist that properties must be divided between the deceased's children.

But he says: "It is possible to turn a property into a company, which helps with the sharing out and you still get fiscal advantages. A few people have done it, but you cannot get round the division altogether."

Breteuil looks towards consolidation of what has already been gained in France.

"We need to defend our system: we want to go on convincing governments - of whatever persuasion - that the private owner is the best way of maintaining a historic house."

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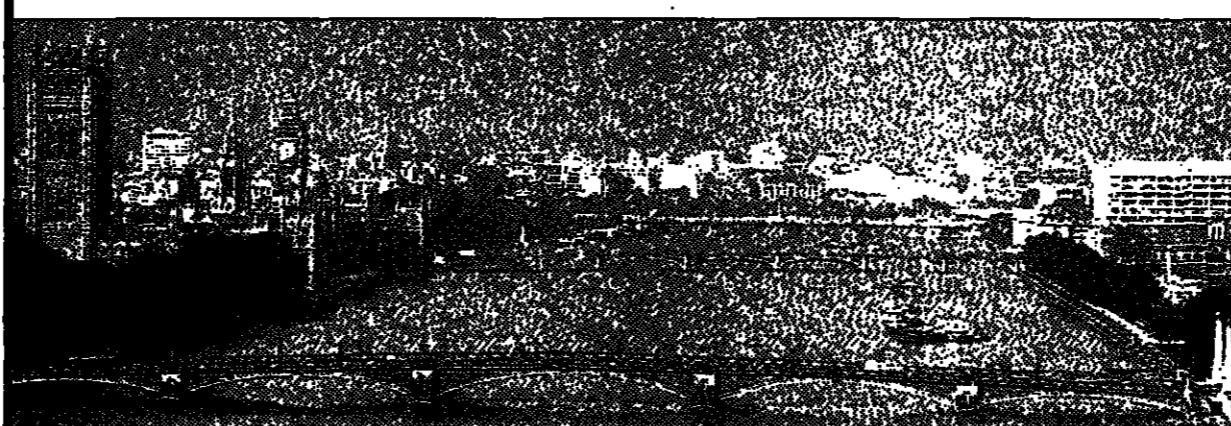
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OUTDOORS

To arrive beside a great salmon river to find that one's companion is already playing a fish - having sneaked into position the night before - even before there has been time to assemble one's own tackle, and then to be summoned to watch the same friend into his second fish, is to have one's sportsmanship subjected to a searching examination.

I confess there were moments the next day when my thoughts about this chum and his good fortune may have been tinged with a blush of jealousy.

By then the warm air which had attended his double triumph and my arrival had given way to an abominable alliance of wind and rain, and salmon fishing had become a test of endurance.

Inhabitants of - part of the world - Iceland - have a good deal of tempest to put up with and think little of it. But to a visitor from softer climes, the rattling of raindrops on the window, and the frenzied dancing of

tree branches outside that window make a discouraging start to the day.

Watching the curtains of rain being driven along by a force 10 gale was bad enough. Being out in it and trying to cast a fly was beyond a joke.

I wore two supposedly water-proof coats and the deluge came through both. My spectacles shuddered on my nose. My hands went blotchy, the fingers numb.

And my feelings towards the magnificent river running by were not kindly.

Towards 1pm, when, under the strict laws of this law-abiding land, fishing must cease for three hours, the storm wearied of its violence. Suddenly, I could see what I was doing and could

manage a decent cast. And to my Willie Gunn came as bright and fresh a summer salmon as the heart could desire.

The spirits rose, but not for long. By the time fishing resumed, so had the wind and the rain. That evening it was my turn to fish the pool by the lodge, where my friend had caught his two salmon, and where, the previous season, more than 400 fish had been taken.

Yet after no more than half my allotted time I retreated from the elemental assault, dazed, drenched and frozen.

The next day was sunbathing weather by local standards - it was grey, damp and hurricane-force. We fished down the east side of the great sweep of water

which bursts from the lower falls and wedges the long bank of dark sand, the line unfurling across the most perfect stretch of salmon fly water I had ever seen.

The strength of the fish was unbelievable, summoning its reserves, just as I had thought it

beaten, to streak off seawards once more fixing line off my reel, only to be dragged back for the last time.

This was indeed Iceland, where volcanoes frown, geysers belch, glaciers gleam; where the name Magni Magnisson fills pages of the telephone directory, a bottle of whisky costs £30; and where a disproportionate number of the world's finest salmon rivers run and are properly prized.

Our river, the Ranga, is something of an oddity among them. Its character has been shaped by its proximity to Mount Heika, a volcano identified by Jules Verne as the doorway to the centre of the earth.

Volcanic rock and ash blacken

huge areas, and the sand blown

into the river has made it highly impenetrable to salmon spawning.

However, an intensive programme of smolt release has produced a sharp surge in salmon catches in recent years - from 53 in 1988 to more than 1,500 in each of the last two years.

Much of the credit for this transformation goes to Thordur Ellidsson, a dynamic man who runs the fishing on behalf of the landowners. As he hurtles back

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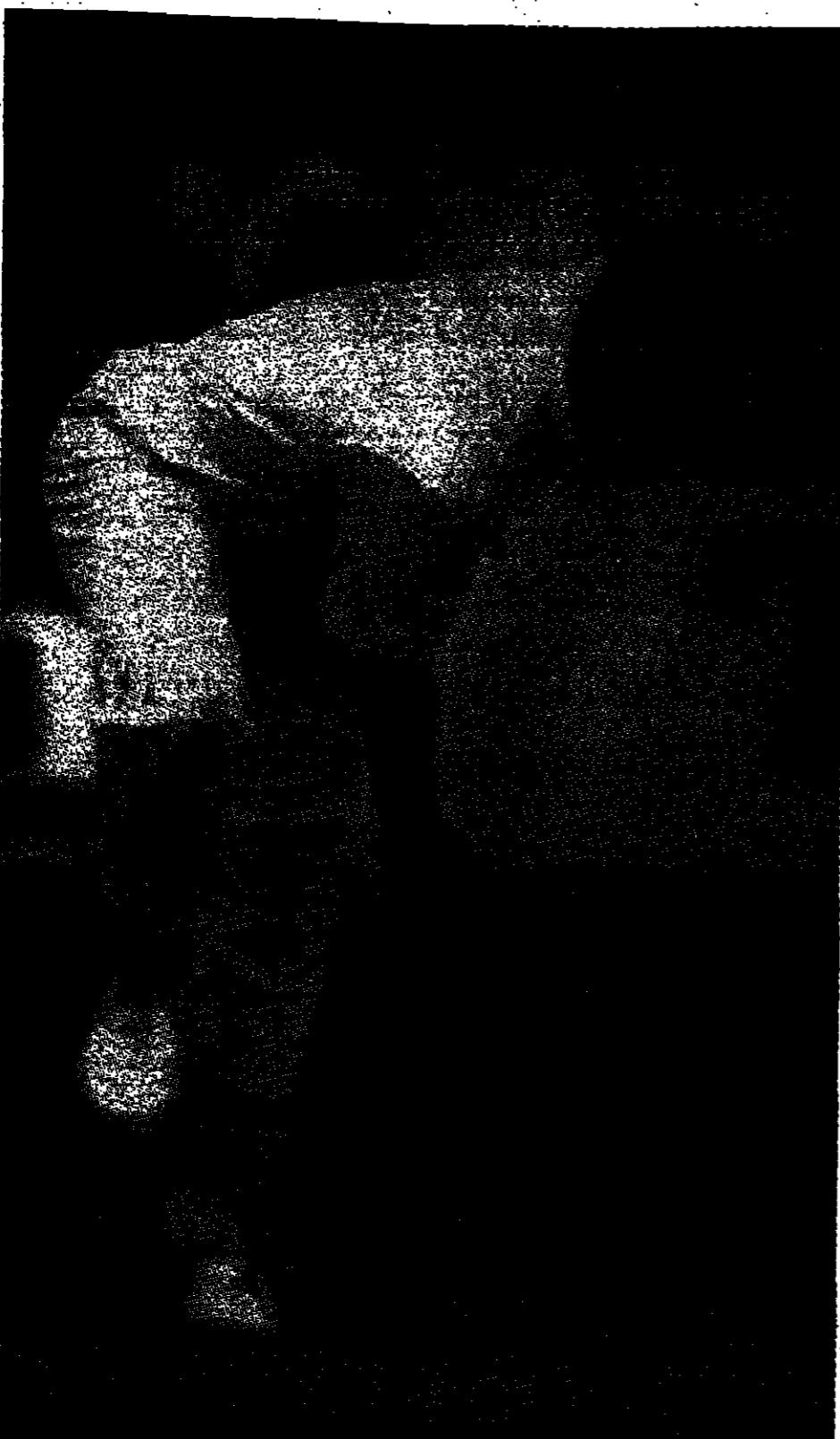
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SPORT / MOTORING



Wagar Younis: possesses a crucial empathy with the ball, the air, the turf and bateman



Derek Underwood: one of his last-ditch tactics was to talk to his captain about the ball

Sailing A fond but glad farewell to Britannia

Keith Wheatley says there is more to Cowes than big yachts

Britannia's stunning farewell to Cowes may have been the best thing that ever happened to the regatta. The Royal Yacht's dark blue, annual presence at the harbour mouth has been a constant for 35 Cowes Weeks. Most of the younger sailors will be unaware that there was a time when she was not there.

Of course, the old lady's gracious cruise along the shoreline, accompanied by a flotilla of tooting, hooting small boats, and a stirring cannon salute from the Royal Yacht Squadron was visually impressive. But perhaps Britannia's withdrawal from the scene will mean the end of a few misconceptions.

Princess Anne, the Duke of Edinburgh and Prince Edward come to Cowes for a few days each year because they love sailing, especially racing. On Sunday father and daughter were racing on separate boats, the Sigma 38s Yeoman and Arbitrator respectively.

In one of the most exciting races the class had for years, the two yachts headed upwind, alternately leading the pack to the finish line. Just seconds separated them when another yacht, Pointe North, came charging through on right-of-way starboard tack.

The Duke took the safer, more cautious option and dipped the intruder's stern, losing ground during the manoeuvre. Anne's boat crash-tacked beneath Pointe North's bow and went for the line, finishing well ahead of the paternal rival.

Most people with any interest in sporting competition will understand why such racing fires the blood.

The Princess Royal and her father do not come to what is still the world's greatest participant sailing regatta because they can stay in the old-fashioned floating hotel with 256 curiously uniformed staff.

Yet to read Britain's tabloid newspapers, Britannia's withdrawal will threaten the future of yachting.

They do things differently in Spain. King Juan Carlos and his son Prince Felipe (who sailed in the 1992 Olympics) are in Palma racing at the annual Cope Rey regatta. This year it clashes with Cowes Week so a few big names have had to make hard choices.

Ten days or so ago the King's motor yacht Fortuna suffered engine failure. It is about one-third the size of Britannia, fast but modestly styled and the owner drives it himself much of the time rather than employing the pomp and circumstance of the Spanish navy.

Without his yacht, Juan Carlos secured accommodation ashore. End of story. No newspaper hand-wringing about the damaged status of sailing, which is growing in popularity in Spain.

Juan Carlos and his family have contributed to its popularity. They are genuine enthusiasts, although it

would be wrong to suggest that the Duke of Edinburgh and his offspring enjoy their sailing any less than King Juan Carlos and his.

Princess Christina was nearly picked in the 470 dinghy class for the 1988 Olympics. On the seafloor at the trials that year I had the amusing task of telling a Weymouth traffic warden that he had just given a parking ticket to the King of Spain's daughter, at which point she arrived and graciously apologised for her double-parked car and trailer.

Sport not status entices the Spanish people out on to the waves in the wake of their royal family, which, according to commentators on the decline of the House of Windsor, has more support and affection from its subjects than does the British royal.

But the British public's perception of Cowes is distorted by the trappings of ceremony, in particular the vast royal yacht with fleets of royal barges plying to and fro on Cowes roads.

The social heart of Cowes Week is in the marquee bar adjoining the marina where the competitors come and tell one another salty stories. Anyone who wants to find out what is going on

Perhaps Britain is ready for its very own 'dinghy princess'

at the regatta will learn more in an hour there than in a day at the foppish Royal Yacht Squadron club.

Pictures of the big yachts may dominate the newspapers and magazines but that is because they make exciting photographs. The return of the Soft maxi-yachts to Cowes Week is of no more weight than the continued health of the XOD class. This 1908 design of boat is still extraordinarily healthy and competitive, with more than 70 entrants.

Just as significant to the annual event is the return for a second year of Cowes Week sponsor Skandia Life. This is a mass market financial services company, not a discreet private bank of the type one might have seen backing Cowes a decade ago.

"If it was elitist then quite frankly we wouldn't be doing it," says Skandia marketing director Bill West, whose company spends £500,000 a year sponsoring Cowes. "It's a fantastic showcase and highlight for marine recreation."

So farewell Britannia. A dominant image but possibly a deadening one. The low countries talk of their bicycling monarchs, so perhaps Britain is ready for its very own "dinghy princess".

Trampering is a non-event

Ball tampering has too often used as a distraction from loss of skill, says Teresa McLean

Despite my distaste for the publicity-drenched case just fought out between Imran Khan and the combined forces of Ian Botham and Allan Lamb, I share Imran's disgust for what he called "the dreadful issue of ball tampering".

I have different ways of showing it, but we agree that ball tampering is a dead end and a non-event.

This activity has a knock-on effect for the bowler, becoming unfit for play (Law 5). Bowlers value their ammunition and distortion of its form can be blamed for distorted or uncontrolled bowling.

Personally, I prefer to bowl with an oddly shaped ball, in case it gives my littlest drifters an element of the unexpected. I took a kinabu with Wagar Younis when he chose to continue with the old ball with which he was destroying England's second innings of the Lord's Test, although his bowling was already lethal.

I doubt if Botham spared a thought for the condition of the ball he was hitting all over Headingly in the infamous 1981 Test. If the ball was losing its shape and everything was going wrong, his last-ditch tactics were to talk to his captain, first about the field placings,

The personality of particular cricket balls is part of their value.

umpires would be glad to agree with him.

I remember Derek Underwood telling me years ago that when he really could not get his bowing to work and everything was going wrong, his last-ditch tactics were to talk to his captain, first about the field placings,

Motoring

Search for a clean car, quiet lorry

Stuart Marshall assesses the viability of the battery car and natural gas fuel

City centres could be cleaner, quieter and sweater-smelling than they are now - that is if a mass market for battery-electric cars developed.

Sadly, the breakthrough in battery technology that would make electric cars a viable proposition has been talked about for decades but seems as distant as ever.

Converting diesel engined heavy lorries to run on compressed natural gas makes them less objectionable and intrusive in urban and suburban settings. The technology is available. And the lorries? There are just four in Britain, all made by ERF of Sandbach, Cheshire.

ERF recently demonstrated the lorries at the Motor Industry Research Association proving ground in the Midlands. At town traffic speeds their engines of up to 300kg sounded more like those of large cars than

typical grunting juggernauts. Tests show that their poisonous and particulate exhaust emissions are negligible.

Large lorries will never be inconspicuous; they are an overwhelming intrusion upon townscapes. But converting their turbocharged diesel engines to spark ignition and fuelling them on compressed natural gas (CNG) costs about

In Britain compressed natural gas (CNG) costs about

£2 a gallon (hauliers still

think imperial) which is the same price as bulk diesel.

The break-even figure is £145 per gallon. What hope is there of the government reducing its tax take on CNG by 55p per gallon? If its refusal to give environmental

none of them mentioned ball maintenance or tampering. Nor did they mention live decisions. Instead, most said "caught behind" decisions were difficult because they were so fleeting and marginal.

At the county level it was a different story. I was surprised when a couple of umpires said they found it a nuisance "keeping firm control of the ball issue". If you let it become a grievance, there is no peaceful way out and someone always ends up blaming it for their defeat."

No cricket sageboat is quite as perplexing as the ball, partly because it is variable and unpredictable, despite regulations on the size and weight of a standard ball.

"Each ball has a character of its own," says former West Indian off-spinner Lance Gibbs, with the wisdom of many years Test experience in the 1980s and 1990s.

"I always tried to get to know it, then make the best

of it, rather than re-shape the ball to what I wanted. It works better like that."

The personality of particular cricket balls is part of their value, incomprehensible to those who have never spun or swung one ball, then bowled dead flat with another one an over later.

During the second world war, cricket balls were put on the rationing list, to the amazement of foreign diplomats. However mysterious this madness, I expect most diplomats understood that the cricket ball was an important national symbol.

First class cricket was abandoned during the war, but it would have been a personal blow to English morale if there were no balls to play with at other levels.

An unremarkable ball may become an unplayable one in the hands of a bowler such as Wagar - he possessed a crucial empathy with the ball, the air, the turf and the batting victim. He possessed all at once when he eliminated Graham Hick at

Lord's.

In the second innings he bowled a boomerang ball to Hick which swung away from the stumps and back in line again with ferocious predetermination, before spinning on the ground at the foot of the bat.

I do not believe that in this instance the weight or measure of the ball would have made any difference, nor would it if it had been coated with grease or dust, its seam flattened or picked and plaited. Tampering would have had no more than a superficial effect. The necessary factor in the success of Wagar's bowl was management and it was bound for the stumps the moment it left his hands.

With the ill humour of a bowler long past her playing prime, I can confirm that I think ball tampering is too often used as a distraction from loss of skill. Over the years, I have not often found myself agreeing with Imran, and on ball tampering we are at one.

Perhaps Britain is ready for its very own 'dinghy princess'.



This has been an ideal summer for convertibles. For reasons of health, comfort and practicality, however, I prefer an air-conditioned saloon. Even so, I thoroughly enjoyed driving a Ford Escort Cabriolet (above) for a mainly fine week, writes Stuart Marshall.

Gentle driving topless in country lanes is very pleasant. But an open car - even one minimising wind buffeting as effectively as the Escort does - is not so good on motorway journeys. One realises that being closed-in shuts out most of the racket made by other traffic.

Life being what it is today, parking an open cabriolet for even a minute or two is imprudent but at least the Escort's power-operated hood works at the touch of a switch - only a pair of clamps holding it on to the windscreen rail have to be done and undone by hand.

The £14,465 Calypso Cabriolet rode well enough over less than perfect roads even though it did not feel as bodily rigid as a hard-topped Escort. Its 90 horsepower, 1.6-litre engine, silky 5-speed gearbox and power-assisted steering made it agreeably lively and nimble. It has a fixed roll-over bar for safety, front electric windows and driver's airbag. The heated glass rear window is so much better than those horrid flexible ones that become opaque in wet weather.

Automatic transmission is a £930 extra for both Calypso and the more powerful £16,465 Ghia Cabriolet.

TRAVEL

A treat for the palate – and the palette

John Crossland samples some of Andalucia's painting schools amid the region's sun-drenched splendour

This year the Spaniards are honouring their artistic Colossus, Goya, on his 250th birthday. After a bleak winter the light and air of the great master's sun-drenched landscapes beckoned.

Southern Spain has western Europe's longest season and several expatriate artists have moved into the painting school market hitherto dominated by Tuscany and southern France. Standards of professionalism in tuition vary but I headed for a school on the Costa Tropical, not far from Granada, on the recommendation of an artist friend.

"Why not break your journey at Toledo?" Michael Stills' voice crackled over a mobile telephone from his mountain ridge 700ft behind Almuñecar. "Look at El Greco. The Greek was as revolutionary in his way as Cézanne – he led the eye upwards in vertiginous swoops."

Two nights later I dined on the terrace of the Toledo Parador, the exact spot from which El Greco painted his "City Illuminated by Lightning", and saw the masterpiece recreated by floodlights. He had seen his adoptive city as the new Jerusalem set on a hill and I was able to take in the full drama of his composition with a sweep of the eye.

A further day's drive found me on the equally vertiginous trail up to Castillo San Rafael, a Moorish fortified farmhouse where Stills has established a school. After a welcoming champagne reception, I wandered out on to the patio and found that I was in effect standing inside a painting.

An Andalucian Giverny. Over 20 years Stills has created an environment specially designed for an artist: an oasis of exotic trees and plants arranged around a serpentine swimming pool.

My initial enthusiastic interpretation of the gleaming blue water, stiff fans of palm leaves



Spectacular mountains dwarf the white-washed villages

shocked."

By the end of the first week the pads and canvases propped around the pool were a riot of purple, scarlet and ultramarine.

Castillo San Rafael was part of the Turismo Verde initiative, which aimed to preserve the great tracts of unspoiled Spain behind the Costas. Last Christmas, Stills won a special award for cultural tourism. His school is probably the most exclusive in Andalucia and also offers first class local cuisine, festive flamenco evenings and side trips to the Alhambra and the bodegas of Laurea Lee's pre-Civil War stamping ground of Almuñecar.

Spain shows a very different face in the Casas Rurales, which was set up as a European Union grant-aided scheme to help peasants keep their villages alive by renovating decaying houses. Next year a *hostal* for painters

will open in a cluster of banana plants.

Michael's corrective technique of "baby painting" took me back to basics, however – a five-minute sketch, blocking out the subject simply in tone and colour. Stills' teaching techniques, honed by 20 years in charge of the University of Wales Department of Fine Art, are calculated to free the amateur from inhibitions.

"The first week is spent unscrewing all the things the students have got mixed up about," Stills said. "They are used to a lethargic system based on pale colours. If you ask them to use dark purple for shadows they are



Andalucia's painting schools can cater for the "masterpiece" painters or the more experienced artists

willing to open a spectacular mountain site. I investigated the scheme by driving up into the Serrano de Ronda to stay in the white village of Benalauria.

The inherent problem facing a painter in this rural idyll is one of scale. The mountain barrier dwarfs its villages, reducing them to white spindrift flecking the granite rollers of the high sierra.

But slowly, my white village

appeared before me. I had chosen to stay in a casa of the type the Spanish are leaving in droves, ver and purple hues, preferring instead the modern *caserios*, overcome their reserve. They would observe me sketching the dark purple cork trees or centaurea plants and olive trees in the evening light, stop their mules and then pose for me.

Half an hour's drive from Benalauria lies Gaucin, a village on a ridge with a commanding view towards Gibraltar, and which has a growing expatriate art community.

I shared a few days painting with Brenda Hartill, a London-based New Zealander who exhibits her prints, inspired by the red ochre earth and tortured rock faces, at the Royal Academy.

I found myself back in a specially created motif of a Moorish courtyard, shaded by a huge old palm tree, with open-air and enclosed studios. Brenda hosts individual artists or groups. This summer, wildlife painter Peter Partington is taking students to sketch, with the aid of field glasses, African vultures which circle lazily above the village.

Brenda introduced me to Diana Page's dinner parties – a touch of the English country house style which is becoming a must for expats and tourists alike. On one occasion, as I sipped my *mojito* before a huge fireplace, I was startled to find swallows circling my head. They have nested undisturbed since Page converted the house. I joined the other guests for a dinner of Stilton soufflé, Moroccan-style chicken with cinnamon, saffron and nutmeg, followed by Page's own ice cream made with oranges, accompanied by the finest Spanish wines.

Next day I went riding along the old smugglers' trail and watched another, more traditional school at work under the cork trees – Spirit of Andalucia. The school is run by Sally van Meister and Anna Wright, two fine cooks who happen to be art connoisseurs.

I left Gaucin on the eve of the bull run, an event with pagan overtones which is said to dispel dark forces and herald summer. Up the road lay the incredible ochre cliffs of Ronda, and the baroque ring where bullfighting was first formalised by Goya's friend Pedro Romero. I found the English artist David Bombberg's favourite motif after a stiff climb down the side of the gorge.

It was early evening and the great escarpment assumed the tormented forms to which the painter returned again and again... as I shall next spring.

■ The author travelled with P&O Ferries, tel 0890 860390. Castillo San Rafael, La Herradura, Prove de Granada 1889. Tel 58 64 02 47. Palmera Travel (Brenda Hartill), 50 Loppock Rd, London SW4 9LT. Spain at Heart (for Casas Rurales), Raggio Barn, 1 High Street, Colerne, Chippenham-Wiltshire. Tel 01225 744567. The Spirit of Andalucia, Apt 20, 29400 Gaucin, Malaga, Spain. Sally Van Meister offers joint painting/cultural holidays with sidetrips to Morocco.

HOLIDAYS & TRAVEL

ETHIOPIA

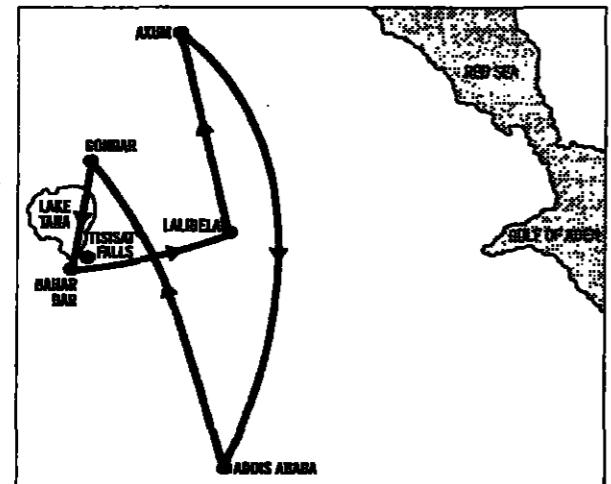
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TRAVEL

Ethiopia: seven years late or six hours early

Nicholas Woodsworth learns of unorthodox Christianity in a land that baffles visitors with its clock and calendar

I first began suspecting that Ethiopia was not of this world when I checked into my hotel in the lakeside town of Bahar Dar. It was, according to the hotel register there, the fifth day of Mezgit in the year 1988. "Local time, of course," explained the man behind the desk, pointing to a Ministry of Tourism poster on the wall behind him. "Ethiopia - Thirteen months of Sunshine". It proclaimed.

Ethiopians calculate time not by the 12-month Gregorian system the rest of the planet uses, but by the Julian calendar abandoned elsewhere centuries ago. Although it packs more months into its year, the country drags along eternally seven years behind everyone else.

But that is not all - there is far wider scope for confusion. In Ethiopia the day officially begins at 6am, so that 12 noon is six o'clock, 6pm is 12 o'clock, and so on. This may explain certain discrepancies that baffle travellers in Ethiopia - why airline schedules seem so variable, or why hotel meals are sometimes late, and sometimes early, or why wake-up calls never get made at all.

Other mysteries, though, appear to have very little explanation whatsoever. I had come to Bahar Dar to visit the renowned island and peninsula monasteries of the Ethiopian Orthodox church. The majority of Ethiopians are devout Christians and have been so, in fact, for longer than the inhabitants of Europe. This would seem to give us, I reasoned: a certain commonality of outlook. The longer I stayed in Bahar Dar, however, the more I realised Ethiopia is like nowhere else on earth.

I spent the early evening sitting in the gardens of the Ghion Hotel, looking out over the waters of Lake Tana and watching marabou storks take roost amid the mature flowers of the garden's jacaranda trees. In the cool twilight, Tana's lone, sought source of life, the Nile, makes a lovely and mysterious river bend, setting off the lake in its setting sun, the last rays of which

flamingoes and wallowing, waterlogged papyrus fishing craft. I talked to Andrew, the young Ethiopian who was going to show me around the monasteries. My knowledge of the Old Testament is rudimentary, but the tenets of Ethiopian Orthodoxy he outlined to me were highly unorthodox.

Ethiopia, Andrew and his countrymen believe, was founded by the great-grandson of Noah. He was not a bad ruler, but the greatest of the royal line was a queen who established her capital in Sabae in northern Ethiopia.

Known to the west as the Queen of Sheba, she travelled to Jerusalem to visit King Solomon; so well did the two get on that she went home not only converted to Judaism (there are still a handful of Jews in Ethiopia today), but bearing Menelik, Solomon's son.

As every Ethiopian Christian and Jamaican Rastafarian will tell you, the progeny of Solomon ruled almost uninterrupted in the Horn of Africa for millenia - the last and 237th Solomonic monarch, Emperor Haile Selassie, was only removed from the throne by revolution in 1974 (that is 1974 to you and me).

What every Ethiopian Christian also knows is that Menelik was the perpetrator of one of the west's greatest mysteries. As an adult he returned to Jerusalem to see his father; he brought home with him the holiest of all Judaic artifacts, the Ark of the Covenant containing the tablets of law given to Moses by God on Mount Sinai. While scholars and adventurers have searched for it vainly for centuries it sits quite safely. Ethiopians will assure you, under lock and key in the church of Maryam Tsion in the city of Axum, not far from the old capital of Sabae.

I had no time for further revolutions, the boat bobbed up against the rocky shore of the isolated Zegha Peninsula and we stepped off through a shady forest of coffee bushes towards the 16th century monastery of Ura Kidane Mehret. Even the monk who had come to meet us, a small boy with a rickety, bearded, yellow-robed monk sprouting a primitive key said to

No one who has seen the women dance can doubt why the monks moved out of harm's way

distilled *tella*, and *chat* (a euphoric leaf that is chewed), are just some of them.

The bars of Bahar Dar - every second home becomes a bar-girt-thronged public house after sunset - offer them all in liberal quantities. I spent the evening drinking *tej* and watching the locals dance *sikata*, a provocative shoulder-shaking, poly-vibrating body oscillation that makes Elvis look like a drop-out from suburban ballroom-dancing evening classes. No one who has seen an Ethiopian woman dance can doubt why Bahar Dar's monks have parked themselves out of harm's way in secluded spots far across Lake Tana.

Even the fresh, bright following morning brought its mysteries and uncertainties. As we crossed the lake in our little, lonely, wooden boat, the past, flock of

flamingoes and wallowing, waterlogged papyrus fishing craft. I talked to Andrew, the young Ethiopian who was going to show me around the monasteries. My knowledge of the Old Testament is rudimentary, but the tenets of Ethiopian Orthodoxy he outlined to me were highly unorthodox.

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One of the Miracles of Mary, 17th century on parchment, taken from 'African Zion, The Sacred Art of Ethiopia', Yale University Press, £25

have originated in Jerusalem was produced, and in we went.

I am not able to read Ge'ez, the archaic Semitic script in which the sacred texts of the Ethiopian church are written on illuminated parchments. Nor could I speak in Amharic with the 10 monks in the monastery or the 130 priests and deacons who live in surrounding villages. But I only had to glance at the frescoes under the conical thatched roof of their church to confirm that

Ethiopian orthodoxy - whatever the truth of its origins - is indeed an extraordinary institution.

Drawn on the walls of the inner sanctum in the near-naïf style of the early Christian church, were Bible stories that remain as strong and bright for Ethiopians as the primary colours in which they were painted.

All vaguely familiar, they are at the same time quite unlike anything found in the west. Close in origin, our two traditions have veered so far apart as to be sometimes mutually unrecognisable.

But that is the way of Ethiopia. Once on the edge of the classical ancient world, then a Christian kingdom so isolated by geography and the spread of Islam that it was merely a rumour in the middle ages, Ethiopia remains a quirky, obscure and often indefinable place. But sacred or profane, seven years late or six hours early, the children of Solomon are never dull.

White knuckles and white waters

Richard Donkin - and some indestructible Australians - ride the rapids of the Zambezi



We could either simply hang on, or take a paddle and try to control the raft ourselves

Africans called them "the smoke that thunders". It is a name far more evocative of the power and grandeur of the Victoria Falls than that bestowed on them by a white man trying to ingratiate himself with a far-off monarch.

At this time of year the broad and hitherto placid Zambezi, swollen from seasonal rains, flows over the falls at a rate of 400,000 cubic metres a minute, crashing on to rocks 100 metres below. Nothing prepares you for such a sight.

Neither does anything prepare you for the enveloping welcome of the "creamy white buttocks", the post-imperialist nickname for a set of foaming rapids greeting those who choose to ride the river beyond the falls.

All that water, stretching across the 1km-long falls is concentrated into a narrow ravine, in some areas no more than 30 metres wide. Little wonder, then, that it was more than 100 years after the first European set eyes on the falls before anyone decided to explore how stimulating it might be to negotiate the rapids.

A group of rafting enthusiasts from Los Angeles decided to test them out in 1981. The group formed a rafting company, now operating from the Zambia side of the river.

Thus was born one more addition to what has become an almost bewildering range of stunts designed to produce adrenalin rushes for young, privileged tourists. They never heard an all-weather storm or the whine of a floodlight.

Victoria Falls, then, what has to be one of the world's top thrill-seeking spectacles. First you cross the falls, then you must fly them in a micro-light aircraft or helicopter. Finally you can ride the rapids. If that is not enough you can leave your brain at the hotel and leap off the bridge over the gorge attached by the legs to a 100-metre-long piece of elastic. People pay nearly £100 a time to do this. I settled for the rapids, although I was not as worried as the operators were in the low water season. The huge volume of water has a cushioning effect on the rocks.

No one appeared to have told the crew of an accompanying raft as we swept down the first set of rapids and were catapulted, or more into the foam.

All the rapids have nicknames. Beyond the buttocks were "terminator one" and "terminator two", and the "washing machine". The optimist "goliath" was reserved for a particularly nasty set of rocks. Rapids, like rock-cliffs, are graded for their degree of adversity up to six. The Zambezi river rapids reach a degree of 5-plus.

Sid, the head guide of Shearwater Rafts, the biggest operator on the Zambezi-side of the river, told us that we had two choices on the rapids. We could either have a passive role where an oarsman steered the boat and the occupants simply hung on, or we could each take a paddle, perch on the

side, and do our bit to control it ourselves.

It was not an easy choice. I had been worried enough about the journey to pen some funeral instructions earlier that morning. Dylan Thomas's evocation, "Do not go gentle into that good night," seemed appropriate so I grabbed a paddle.

Our steers, a burly Zimbabwean, nicknamed Hippo, partly because of his girth and partly because of his love of total immersion, told us he had no intention of going in the water. This was encouraging because I was sharing the raft with seven Australians from Telstra, the Australian state-owned telecommunications group, one of whom seemed intent on getting a ducking. "Are we going to flip?" he asked expectantly.

Now, I don't mind doing something with an element

of risk, but when someone is intent upon introducing an additional degree of recklessness, I become upset. I measured the thickness of my paddle blade against the gap between his chin and chest. If it came to it, I thought, a swift administered chop to the throat would do the trick.

T he only drawback of sharing a raft with seven Australians is that they insist on entertaining you with a full compendium of the perils of living in Australia. This included the "red back" spider which hides under lava-tiles seats and bites your bottom. (non-lethal), the "stingers" (lethal), venomous jellyfish which inhabit the seas around Darwin, the saltwater crocodile (incredibly lethal), which live among

the stingers, and the funnel web spider (lethal and intelligent) which creeps into shoes and sleeping bags.

Apparently funnel webs have a memory. I heard of an occasion when one of them, number, swiped away in an angry gesture, pursued its tormentor across a road, ran up his leg, and delivered the coup de grace.

None of these dangers seemed particularly immediate or relevant apart from the crocodiles. We saw small crocodiles on rocks by the side of the river. These had survived being washed over the falls.

Some level of fitness is also desirable, if only to negotiate the 750ft climb out of the gorge.

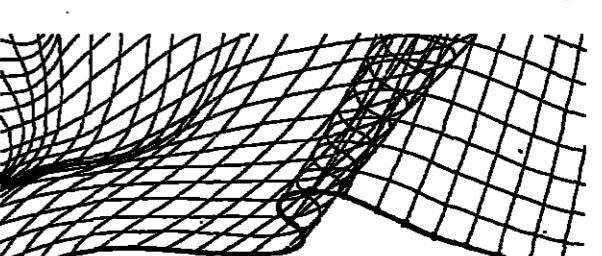
I was impressed by the

standard of supervision but depressed by the foolhardiness of my younger companion who was at that age when they believe they are indestructible.

The water-flow, particu-

larly after the rains, is usually sufficient to carry you well clear of rocks. But turbulent white water can be dangerous. It is that element of uncertainty that attracts us.

It was probably an accept-



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BOOKS

Writing about "the Negro, the Hottentot, and the Kaffir" in 1850, Robert Knox stated that because these peoples are "designed by the nature of their race to run like all other animals, a certain limit of course of existence it matters little how their extinction is brought about".

Contrast this shocking remark with another: the claim that airline pilots from cultures where individualism flourishes cause fewer accidents than those from traditionally hierarchical cultures. A moment's reflection shows that this claim, drawn from a serious research project into airline safety, is no less racist in implication than Knox's, despite being comfortably disguised in the rhetoric of cultural rather than biological difference.

And now, to complicate the picture, ask yourself whether anybody still believes in apartheid, apart from a few unreconstructed Boers on their bushveld farms.

Time for another social revolution

The history of race and equality throws light on the changing face of society, says A.C. Grayling

The answer is yes: namely, members of the black liberation movement in the US. They want their own schools, their own traditions, the assertion of their difference from surrounding white culture. Theorists of their struggle argue that earlier liberationists like Martin Luther King sought freedom through integration, by accepting the values and imitating the lifestyles of whites. Instead – argue these contemporary theorists – we should assert the right to be different, to be separate.

In his important, cogent and illuminating book *Kenan Malik* argues that this rejection of the concept of universal equality is the result of "postmodern pessimism". The Enlightenment dream of human equality, but

its aspirations seemed to be contradicted by the historical fact of inequality – chiefly, the inequality of wealth exacerbated by (and endemic to) capitalism.

So Nature was called in aid to justify inequality, by claiming that some people – and some peoples – are naturally inferior to others. "Savages" were taken to be lower on the biological ladder than whites, unfitted because of their primitive intelligence for the sophistications of white society. But this widely accepted biological theory, fashioned and honed in imperial Victorian times, was later cast into terrible disrepute by the atrocities of Nazism. After 1945, biological racism was quiescent.

With the ending of the cold war, however, racism has reared

its demon's head again, this time feeding on beliefs about cultural differences. People who once opposed West Indian immigration into Britain now say that it does not fundamentally challenge the

its social and historical sources. He advances, and persuasively justifies, a number of important claims. One is that Enlightenment thought embodies universalist notions of human equality and rights, and that these were subverted by the harsh practicalities of inequality in capitalist society.

Others have argued that the Enlightenment is itself to blame for racism, by preaching sharply scientific biological and anthropological categories; but Malik cogently disagrees. Another of his claims is that the contemporary fragmentation of the world into conflicting racial and religious groupings is a product of postmodern disenchantment with the idea of progress.

A crucial premise in Malik's

argument is that race is not a biological category, but a socially constructed one. There is no longer any disputing this claim. Genetics shows that 85 per cent of all variation among people occurs between individuals in the same local population, whereas just 7 per cent of such variation occurs between "major races" (e.g. Caucasoid and Negroid). Given this, the use of, say, skin colour as a way of grouping people, is hardly less arbitrary than, say, ear size or shape. The real reason for classification into races is a social one, expressing the historically conditioned needs of a given society at a given time. History abounds with examples.

Among the contributions Malik makes in this book is his demon-

stration of how racist discourse has shifted its ground from biology to culture. He vigorously contests the "politics of difference" with its assertion, by the very people who so recently suffered it, of a kind of apartheid.

If there is to be a solution to the problem of race, Malik argues, there has to be a rethinking of the relationship between the universal and the particular – between, for example, the universalist claim of human equality, and the particular experience of individuals in an unequal world. As a way of combating the disenchantment and sense of failure that has undermined the universalist conception because of tyranny, recent wars, and a divisive and exploitative economic order, we need, says Malik, "not just a social one too".

Understanding a problem is the crucial first step to solving it. Malik's thoughtful and thorough account takes us a long way towards that goal.

The boys we never really knew

Nigel Andrews trips through time with Hollywood's juvenile stars

In his film critic days Graham Greene shut down an entire, short-lived English periodical by provoking a libel case over Shirley Temple. Some unwise words about the moppet's appeal to grown men, or more exactly to grown studio chiefs, brought the wrath of Hollywood on his head.

Now here is the informative, handsomely illustrated *The Moving Picture Boy*, an encyclopaedia whose qualification for inclusion is male screen fame between nine and 14, and I must guard my words. If I say that its most avid readers may include a social group beginning with P, I mean of course "picturegoers".

They and everyone else should come armed with curiosity and a few ounces of feyness repellent. Author John Holmstrom has plenty of both, plus an impeccable CV. As a former critic, BBC broadcaster and British Film Institute governor he is not about to go gooey, though he can be tastily tart, about the likes of Freddie "David Copperfield" Bartholomew (curly hair and poisonsously posh vowels), Jackie "The Kid" Coogan (doo eyes, pageboy fringe and Carrie Fisher cheeks), Brandon De Wilde (famous for that lethal cry of "Shay-ayne!"), Macaulay Culkin or Ricky Schroder.

Sorily, he does go gooey about Schroder, but that is understandable. Rare among child actors, Master S showed an adult toughness and togetherness along with the tears. But then what happened to him? Along with most moppets, he declined into what Holmstrom calls "the vale of teens" and was last seen in a cameo battenning down a hatch in *Crimson Tide*.

What else happened to the

golden boys when they grew up? A few remained famous, like Mickey Rooney, Roddy McDowell and Kurt Russell. Some graduated to real jobs, like *Oliver Twist's* John Howard Davies (head of BBC Light Entertainment) or *The Yearling's* Claude Jarman (director of the San Francisco Film Festival). Most vanished into anonymity or worse.

Drug tales pepper these pages, none more horrific than the death of Bobby Driscoll. The boy who once stood windward of Robert Newton's Cornish accent as "Jim lad (a-harr!) ended as an uniden-

tified corpse, riddled with needle marks and buried in a New York pauper's grave. Only fingerprint evidence revealed who he was.

This book full of shining faces and sapling limbs ends up, accordingly, a touch depressing. And it is a touch diffuse as well. I suspect we needed more introduction and less encyclopaedising. The prefabric's piquant comments about child stardom as a capitalist product, and about the poignancy of natural talent made unnatural, raise strong themes that Holmstrom never follows through. Instead we have what seems like a million mug shots plus dates and titles, many belonging to unheard-of foreign tots.

More on the screen youngsters we westerners knew, and on why we may never really have known them, would have transformed a pleasant multidimensional shopping list into a deeper and more touching treatise on the teenybopper.

Do eye, pageboy fringe and Carrie Fisher cheeks: Jackie "The Kid" Coogan

Nicole Murray

THE MOVING PICTURE BOY
by John Holmstrom
Michael Russell £39.50, 551 pages

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Fat cats on a musical prowl

Richard Fairman looks at a bloodthirsty tale of power in a once gentlemanly industry

Under the author's name comes his hard-hitting agenda: "Managers, maestros and the corporate murder of classical music." This is not a book for the squeamish. Those who revere musicians like Herbert von Karajan or Luciano Pavarotti as saints worshipping at the altar of music face a rude awakening after Lebrecht's bloodthirsty tale of greed and lust for power.

The business side of the classical music industry has never featured in the press as prominently in the past as its pop counterpart. Until recently people tended to assume that the amount of money changing hands was relatively small and the business was run by gentlemen.

Only with the arrival of

the three tenors, Nigel Kennedy's football rattle and Vanessa-Mae in her wet swimsuit was it clear something had changed. Suddenly the man in charge was not the one with the baton. He was the silent figure in the grey suit – and, in Lebrecht's opinion, he had just committed murder.

Essentially, this book charts the story of how people involved in the making of music realised that it could be turned into the making of money as well. The subject might make an interesting historical study and Lebrecht does provide some 19th century background.

But do not be fooled into thinking history is his interest. This book is a polemic, which only gathers material from the past to fit it as

ammunition at the present. It is a good read. Lebrecht likes nothing more than sharpening his pencil for a quick vignette and is adept at making his subjects look as ugly as possible. Ronald Wilford, the power-broker agent, is "pathologically secretive" and a sly operator more at home in *House of Cards*. Herbert von Karajan was a dictator, his priority "like Hitler's in 1933" to master and emasculate the machinery of government. Walter Legge, the legendary EMI record producer, was a "tubby little chainsmoker... giving dictation with his fingers wide open".

In Lebrecht's discordant world there is no doubt who are the enemies of music. They are the big, multination agencies, which have cornered the market, pushed up fees and made themselves a handsome profit at the public's expense. The chapters charting the rise of *Cami* (Columbia Artists Management Inc) are Lebrecht at his best, giving

plenty of detail to support his thesis about the abuse of power.

By the 1980s, with most of the top conductors on its books, he claims that Cami was able to exert control over the world's great orchestras and thereby influence the hiring of soloists. A convincing case is made for

WHEN THE MUSIC STOPS

by Norman Lebrecht
Simon & Schuster £16.99, 453 pages

monitoring the near-monopoly positions built up by some of these agencies.

The book also gets the bit between its teeth on the issue of fees. It follows that if an agency faces little serious competition, it will respond by putting up its prices.

Unfortunately, Lebrecht

undermines some strong arguments by partisan use of the evidence and a wildly over-pessimistic summing-up, which invokes a "Dies Irae" vision of eternal misery for the future. So much negative thinking leaves the reader determined to come away humming a happy tune.

There never was a time of perfect harmony. The paradise which he seems to imagine, of a world before agents were invented, when con-

certs paid their own way and musicians performed purely for the love of it, is all in the mind. Prima donnas in the 19th century were just as destructive to music in their own way. There have been periods when the top fees were even higher in real terms. Right through history somebody has had to pay the bill and it has rarely been those in the audience.

Contrary to the impression given here, there are still countless individuals working in the industry who were drawn into it by their love for music and who believe passionately in what they are doing.

There are more concert halls, more opera companies, more orchestras, more recordings than there were 20 years ago. Yes, the industry expanded too far in the boom years of the 1980s (Lebrecht is entertained on the rise and fall of Sony Classical) but the rationalisation that is proving so painful will not end in complete shutdown.

I am confident that the music will play on, despite what this title says, but that does not mean the book's tabloid-style exposé of behind-the-scenes money-grabbing is to be ignored. The next time you go to Covent Garden, remember it is not all over when the fat lady sings. There are fat cats on the prowl and the high notes could be theirs.

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The saga ends

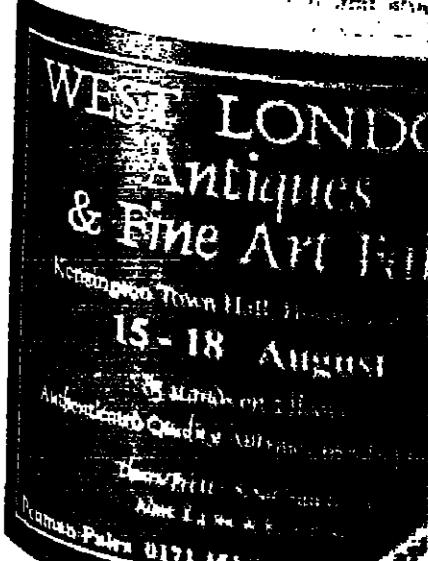
At last, we've made it – A.N. Wilson and I, and perhaps a few hundred other addicts, have come to the end of the *Lamplight Chronicles*. Wilson's five-volume saga about an undistinguished upper middle class English family in the second half of the 20th century.

The denouement, how Jimbo Lamplight, the *belle lettriste*, met his death from a Marylebone balcony, was unexpectedly expected – it was just what narrator Julian Ramsay had conjectured.

Wilson is very good on the inconsequentiality of life – on odd pairings, bizarre chances, of a thread which links. New readers might find the mix of embittered musings, and the intrusion of unannounced characters from the past, confusing, but the writing has a facile flow and Wilson's sense of time and place is spot on.

As we stagger down Hinde Street in the early hours with Ramsay, his great life-time foe, the successful biographer Hunter, and young Kit, the heir to the Lamplight fortunes, those who have stayed faithful, for the long ride will regret the passing of these under-achieving late 20th century intellectuals.

Antony Thorne



ARTS

Safe and sound in New York

Finally, a comprehensive arts jamboree has been established in the US, says Andrew Clark

They came. In fact, so many people turned up for the inaugural Lincoln Center festival that it is virtually assured of a permanent place on New York's cultural landscape.

The complete plays of Samuel Beckett, performed by Dublin's Gate Theatre, sold out in advance and *Waiting for Godot* is tipped for Broadway. A weekend of Japanese court music, juxtaposing ancient ritual with works by contemporary Asian-Americans, wowed audiences and critics alike. A Morton Feldman retrospective, celebrating one of the most obscure and uncategorizable composers in the US, attracted its own devoted public. As the festival draws to a close this weekend, the organisers are understandably euphoric.

Barely a month ago, no one knew who or how many would come. The doomsayers said New York in early August was too hot for a heavy dose of culture. Previous attempts to liven up the city's off-season arts agenda fizzled out through lack of funds and enthusiasm.

The opening week was slow, with a disappointing turn-out for Valery Gergiev's Soviet-era programmes with the Kirov Orchestra and Chorus. But word spread, the festival's marketing moved into top gear and suddenly the

streets and plazas around Lincoln Center began to buzz. There is a midsummer market for serious culture in New York. And the US, previously known for out-of-town opera and orchestra festivals, now finally boasts a multi-disciplinary arts jamboree.

The festival started with several in-built advantages: the Lincoln Center's well-oiled resources, a \$3m budget, a compact location. Its programme reflected the ambitions of its artistic director, John Rockwell, a former New York Times music critic with a fascination for cross-pollinating art forms - high and low, new and old; eastern and western. Rockwell said he was aiming for "magnitude, specialness, things that would lift the festival out of the orbit of a regular season".

What he delivered was a typical American brew. There were imported acts from the Old World, some 20th century Americans and a handful of novelties. In marketing terms, there was something for everyone. But in purely artistic terms, the festival

did not stick its neck out: it could not afford to. Beckett was a fairly safe bet, confined to small venues. Virgil Thomson's *Poor Souvenirs* to Three Acts was imported from Houston, and the festival passed up the chance to do something special with the New York Philharmonic. It lacked a single, large-scale, defining event.

For Americans, much of the interest lay in what came from Europe. John Eliot Gardiner's Orchestre Révolutionnaire et Romantique being a prime case. This was the first time New Yorkers had been able to hear a period-instrument ensemble in large-scale works like Beethoven's Ninth Symphony and *Miss Solemnis*.

For European visitors, the festival drew its personality from performances of cult works of the 20th century American avant-garde. Within three nights it was possible to catch *Foto Sinfonia*, the final Merce Cunningham-John Cage collaboration and a chunk of Feldman's oeuvre. They had plenty in common: each repre-

sents a peculiarly American response to the problems of modern music, and each is full of its own conceits.

Four Saints is the fruit of Thomson's collaboration with Gertrude Stein, when both were part of the American artistic community in Paris in the late 1920s. She provided a libretto of chic meaningfulness, he set it to music of mind-blowing banality.

The result is more a non-sense stage recitation than an opera. There is no plot (despite what aficionados say), no character development, no drama. Its impact depends on your susceptibility to Stein's verse ("anyone can see that any saint to be," "snow third high third there third") and Thomson's harmless mélange of old southern tunes.

This is a work with a reputation far greater than its slender performance record suggests: the Houston Grand Opera staging, which comes to Edinburgh this month, is the first by a professional company since 1962. It

owes its revival to the American director-designer Robert Wilson, who provides simple, surreal decor, subtle lighting, precise choreography and deft humour.

The stage looks beautiful: Wilson's phone glamour has finally found its métier. The cast, ably guided by Dennis Russell Davies in the pit, deliver their lines with the naïve panache the material demands. But what a waste of

tentacles pierced the night air like distant cries from Bedlam, competing with an electronic mix of underwater soundings devised by David Tudor.

Cage's ghost was everywhere, no more so than in the digital clocks strewed around the platform on video monitors. The whole point about art is that it exists outside time. But like Cage's *Europaeas*, *Ocean* never lets us forget that 90 minutes consists of 5,400 seconds.

Time, wearisome time, is also an inescapable factor in Feldman's music. The centrepiece of the retrospective was to have been his six-hour String Quartet II, premiered by the Kronos Quartet in a shortened version on Canadian radio in 1983. The last time it was played was in 1988, but Rockwell persuaded the Kronos to revive it. Less than a week before the scheduled performance, the Kronos cancelled, citing the physical strain of having to hold their instruments over such a long uninterrupted span.

But there was enough substance in the remaining pro-

grammes to build a picture of Feldman's aesthetic. Feldman (1926-1987) was influenced by Cage and the New York abstract expressionists, but his music also has kinship with minimalism. It is spare, slow and quiet, often depending on the repetition of brief musical figures in irregular rhythms. Forget melody, rhetoric, resolution. In their place comes obsessive stillness like a succession of cool meditative exercises.

The mezzo Joan La Barbara, who sang Feldman's youthful, unaccompanied *Orola*, likens his music to an "energy spent in a vast and beautiful space". For the unconverted, that space is not so welcoming. Listening becomes a feat of endurance - for well over an hour in the case of *Triadic Memories* (1981) for solo piano, much of it consisting of simple chromatic chords repeated in monotone sequences. The Japanese pianist Aki Takahashi had just the right cut-glass approach and unwavering concentration to pull it off. But by the time that ordeal was over, I was mighty glad the Kronos had deprived me of their marathon.

The festival's only serious lapse of taste was Tod Machover's *Brain Opera*, a futuristic music show shrouded in computer-speak and psycho-babble.



Edinburgh International Festival: Judi Dench, Richard Burton and Fay Compton and Peggy Ashcroft from 'Celebration: The Edinburgh International Festival - 50 Years in photographs' (Edinburgh Festival Society, £40)

This year's Edinburgh International Festival, which starts tomorrow, is being held in the shadow of last year's financial crisis. It was in the summer of 1947, in a bleak, impoverished post-war world, that the first festival was held. The opening concert combined Schenck's heart-felt *A Survivor from Warsaw* with Beethoven's Third Symphony. The same programme opens this, the 50th festival, in the Union Hall tomorrow night. Memories of the past, well

remembered, will be present at this year's festival who remember 1947; and Kathleen Ferrier in *Mahler's Song of the Earth*. Even more will recall the 1967 festival in which Maria Callas appeared in *La Sonnambula*.

It is sometimes forgotten that the founding father of the festival, Rudolf Bing, was also general manager at Glyndebourne and the

Glyndebourne company, often under the baton of Sir Thomas Beecham, supplied the opera for many years. But then the European companies arrived. Callas appeared with La Scala of Milan. She was followed in 1958 by Victoria de Los Angeles in *La pícida breve*, and after her came Joan Sutherland, Janet Baker, Tito Gobbi, Teresa

Berganza, the lot. The attraction of Edinburgh is that while every successive director has his favourite art form, there is room in the burgeoning programme for everything, except perhaps the visual arts. In 1947, the Old Vic Company was presenting Shakespeare with Alec Guinness, and a year later the young Judi Dench charmed everyone in

were invited over. In 1953, the hot ticket was Richard Burton's Hamlet, with Fay Compton as Gertrude. A very different prince was portrayed in 1968 by Tom Courtney. In 1958, Peggy Ashcroft was the star of *Aspects of Women: From Chequer to Dylan Thomas* and a year later the young Judi Dench charmed everyone in

96

Edinburgh has become the greatest arts festival in the world; and belatedly the city and people of Edinburgh have appreciated and revelled in the fact.

In the footsteps of the Greats

Antony Thorneiroff recalls some top performances from previous Edinburgh Festivals

It is sometimes forgotten that the founding father of the festival, Rudolf Bing, was also general manager at the Royal Opera House, Covent Garden, for many years. The

other opera houses, is concerned by the falling away of opera-goers in their 20s and 30s. The Schroder initiative should help to stem the loss.

Down the road, the Royal Opera House, Covent Garden, has just announced a pilot scheme for a new generation of opera-goers who might never have experienced the art form.

In this pilot scheme, the first 250 respondents to the advertisement on Monday get to join the club. They can then buy as many cheap price tickets as they want, subject to availability. Any one disappointed has been virtually promised discounted tickets for the 1987-88 session: and you do not have to work in the City to participate.

The ENO already operates incentives for schoolchildren and students, but the

bedrock shortfall. Much of this was incurred by a steep decline in corporate sponsorship, and some poor audiences last season. But this has proved a very good summer at the box office, with attendances sticking at around 99 per cent.

If things continue as well into the new season of old favourites planned from September, most of this deficit should be cleared by the time Covent Garden closes next July. It has to be the Arts Council, supplier of £7.8m of National Lottery money for the re-building, demands it.

The eventual aim for the rebuilt Covent Garden is to justify its lottery grant by widening its audience through reduced ticket prices. This dream could come true if it can raise more money than it needs from rich friends through the partnership funding appeal, which is required to balance the lottery cash and which will be launched this autumn.

Extra money from its supporters will enable Covent Garden to hold on to more of the commercial properties it is building around its site as the third prong of its funding of the new Opera House. If a third of the development can be retained, valued at £20m, it could provide up to £3m a year in rental income.

A further expense has been investing in co-productions, such as Rimsky-Korsakov's *Coq d'Or*, which are not expected to appear on stage until the new auditorium opens in 1999.

Covent Garden is also saving about the £1.3m of

another week, when middle-aged men in bowler hats calling themselves boys confronted rent-a-nob police-haters and opportunist looters calling themselves nationalists, began appropriately with *What If...?* (Radio 4) hypothesising a victory for Bonny Prince Charlie in 1745.

The distinguished historians perhaps underestimated the English - and Scottish - ability to throw the ugly Stuarts out (they had done it twice already), but the consensus was a French world ascendancy with France keeping its possessions in North America and India.

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Sometimes Eurocrats earn their doth.

Speaking of which, bankers put up a more dubious defence when in *The Dock*. Presenter Sue Cameron noted that of all the high street banks invited to take part in this inquisition about their methods and responsibilities not one had accepted. One bank spokesman had even expressed his contemptuous indifference to the BBC researcher, incidentally a client of his bank.

The money men who turned up were a listlessly evasive crew.

This is the sort of accountability radio does particularly well.

Radio 4's *In the Deep* series, sounding the ocean to varying depths, has been a mixed trawl of treasure, weed and the odd old boot, though no actual sewage.

The gallery that facetiousness can be redeemed with distinguished actors seems endemic in BBC Bristol. Following their two, jocular series where maligned creatures defended themselves with the voices of famous thespians, here comes much the same formula in *Tidal Taff from the Rock Pool* in which previously self-respecting nummbers archly impersonate gastronomes left in the dark, ambushed, and generally bamboozled,

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infinitely more successful was *Whale Songs and Deep*.

Tickets please for the opera

Bright young graduates are accustomed to being courted; now they are being wooed by the opera companies, or rather by the ENO. On Monday the Financial Times announces Discover Opera, a scheme designed to introduce 10-year-olds who graduated in 1994, 1995 and 1996 to opera at the ENO through a 25 per cent discount on tickets; complimentary bottles of champagne, and other perks.

The promotion is being paid for by Schroders, or rather by the government, thanks to Schroders. The City institution is taking its first step in arts sponsorship by putting £100,000 behind the ENO's new production of Verdi's *La traviata*, directed by Jonathan Miller, which opens next month.

As a first-time sponsor

Schroders attracts a £50,000

back-up grant through the government-backed Pairs Scheme, administered by ABSE.

Some of this extra money is going towards discounted tickets for Schroder staff, but the majority is going to Discover Opera. The idea is to encourage a new generation of opera-goers who might never have experienced the art form.

In this pilot scheme, the first 250 respondents to the advertisement on Monday get to join the club. They can then buy as many cheap price tickets as they want, subject to availability. Any one disappointed has been virtually promised discounted tickets for the 1987-88 session: and you do not have to work in the City to participate.

The ENO already operates incentives for schoolchildren and students, but the

bedrock shortfall. Much of this was incurred by a steep decline in corporate sponsorship, and some poor audiences last season. But this has proved a very good summer at the box office, with attendances sticking at around 99 per cent.

If things continue as well into the new season of old favourites planned from September, most of this deficit should be cleared by the time Covent Garden closes next July. It has to be the Arts Council, supplier of £7.8m of National Lottery money for the re-building, demands it.

The eventual aim for the rebuilt Covent Garden is to justify its lottery grant by widening its audience through reduced ticket prices. This dream could come true if it can raise more money than it needs from rich friends through the partnership funding appeal, which is required to balance the lottery cash and which will be launched this autumn.

Extra money from its supporters will enable Covent Garden to hold on to more of the commercial properties it is building around its site as the third prong of its funding of the new Opera House. If a third of the development can be retained, valued at £20m, it could provide up to £3m a year in rental income.

A further expense has been investing in co-productions, such as Rimsky-Korsakov's *Coq d'Or*, which are not expected to appear on stage until the new auditorium opens in 1999.

Covent Garden is also saving about the £1.3m of

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ARTS

The haunted faces of a colourful life

Lynn MacRitchie on the dazzling exhibition that follows Picasso's life through his portraits

According to his distinguished biographer John Richardson, everything in Picasso's art boils down to "himself and the people in his life". In their conversations, the artist told him that his work was like a diary, and as intimates such as Dora Maar observed, the upheavals in Picasso's personal life were always marked by a change of house, a change of pets and a change in painting style.

The Picasso and Portraiture exhibition, which continues at the Museum of Modern Art in New York throughout the summer, allows this progression to be viewed in detail, chronicling through his drawings and paintings of them Picasso's relationships with the people who were most important to him throughout his life.

The exhibition fascinates. As a show of painting it is a treat, combining masterpieces with less familiar works. As a sort of artistic soap opera, it is no less compelling: the shapes, forms and colours of the paintings changing as the dramatic personae of the painter's life alter.

Picasso said: "I cannot make a portrait of just any person," and as a problem of art historical scholarship, the exhibition raises the question of just what a portrait is. Is it a likeness, captured by the artist necessarily in the presence of the living model, whoever that might be? Or, as is the case with most of Picasso's paintings of people, can it exist as a separate creation, drawn not directly from life but from the artist's memory and imagination, its subject as much the nature of painting itself as the representation of any living being.

William Rubin, MoMA's director emeritus, who in 1980 filled the whole museum with the greatest retrospective of Picasso's

work yet, raises this question in his catalogue essay with suitable art historical probity. But the show, his personal selection (made in close consultation with Claude Picasso, the artist's son), is so dramatically dazzling, the works arranged in order like the cast list of a play, that the questions of art historical scholarship are easy to lose sight of as the personal drama unfolds before our eyes.

Perhaps most spectacular are the three rooms devoted to Marie-Thérèse Walter, the blonde teenager Picasso met in the street in Paris in 1926 or 1927 who became his secret mistress for almost 10

'For me she's the weeping woman. For years I've painted her in tortured forms'

years, in the course of which his marriage to Olga Kokhlova, the Russian ballet dancer, came to a bitter end.

In his paintings of Walter, personal and artistic fulfilment come together to create some of the most erotic canvases painted, such as the three glorious works "The Dream", "The Mirror" and "The Girl Before the Mirror" painted between January and March 1932. Their smooth forms, flowing contours and clear, bright colours are the very essence of gratified desire and painterly satisfaction. When Picasso allowed himself to enjoy a moment of equilibrium in his life and his art - a temporary respite from his constant need to challenge and surpass himself in every suc-

ceeding canvas and from his conflicting personal needs for security and freedom.

This originality and surety of style did not come from nothing. From his earliest years as a painter, Picasso struggled against his own facility, seeking a deeper engagement with the visual image than that which came so easily to him as a draughtsman, and which had helped him create his first masterpieces of the Blue and Pink periods.

While the naturalism of these works continues to flow like an endless stream through the drawings of friends and acquaintances he made throughout his life, his paintings changed. From 1906 on, when he painted his then mistress Fernande Olivier not as the elegant beauty she was but as a huge, primitive figure, massive and sculptural, Picasso had declared his intention to push through to something deeper in his painting, a fundamental fusion of form and content which goes beyond mere facility of line or beauty of colour.

"Woman Plaiting her Hair (Fernande, 1906)", while undoubtedly recognisable as Olivier, is also the first step to the "Les Demoiselles d'Avignon" (not in the exhibition but hanging in an adjacent gallery in the museum) and the invention of cubism.

Throughout his career, Picasso stuck to no one style, changing his way of painting as his subjects changed. The portraits of Kokhlova began in neoclassical harmony become terrifying fractured images of rage and fury as their relationship deteriorated and he sought sanctuary with Walter. She was finally challenged by the surrealist artist and photographer Dora Maar.

On one day, January 21 1939, Picasso painted two pictures, one of Walter and one of Maar, each shown in the same pose, reclining in



The essence of gratified desire: 'Marie-Thérèse Leaning on One Elbow' by Picasso

with a book. In the exhibition, these two "portraits", neither painted from life but each summing up the painter's perception of his mistresses' characteristics, are hung side by side. While Walter lies at ease, looking out calmly from an untroubled picture plane, Maar is shown agonised, her colours hectic, her shapes tormented. Picasso later explained to the mistress who succeeded her, Francoise Gilot, that he could not help the tragic nature of his representations of Maar.

"For me she's the weeping woman. For years I've painted her in tortured forms, not through sadism and not with pleasure, either; just obeying a vision

that forced itself on me. It was the deep reality, not the superficial one. You see, a painter has limits, not always of the kind one imagines."

Of Gilot, the paintings are some of the most apparently slight, pretty but not particularly searching, and the nature of the exhibition, which does not show any of

Picasso's work in other media, does little to elucidate why this might be.

During his relationship with Gilot, Picasso was unusually preoccupied with events outside the studio. He had become quite a media star immediately after the war, and was also at the most active in the Communist party. In art, he was

experimenting with other media, in particular pottery and printmaking of various kinds. For some reason, Gilot seems to slip away from "the trap of his state", as his old friend and secretary Jaime Sabartes described the artist's piercing gaze.

She slipped away from him, too, departing in 1963 with their two children, Claude and Paloma, whose toddler games he had painted with such delight. He spent the rest of his life with Jacqueline Roque, who became his second wife.

During almost 20 years, Picasso painted Roque many times. One of his later images of her, "Woman on a Pillow (Jacqueline, 1963)" brings the viewer up with a start. A body spreads before us, all angles and planes, swiftly and decisively drawn in shades of grey. Here is no evidence of affection or regard, no hidden code of tenderness or anguish written in colour and shape. This is not Roque, the person, but a female form, a creature of mass and tone alone.

In this late work, Picasso has returned to the place where he had his only true existence, the surface of the picture plane. No matter how much Picasso the man may have needed the fundamental companionship of a woman, as any one human needs the companionship of another, for Picasso the artist the bodies of his lovers and friends were, ultimately, no more than the material for his constant battle with the demands of art.

With Roque as putative subject, he spent his final years pitted against Delacroix, Velasquez, Rembrandt, working over motifs from their paintings, eventually coming full circle to confront his own work. Roque's features transformed into the mask-like faces of the "Les Demoiselles d'Avignon" of more than 60 years before. After that, there was only himself.

In the terrifying wax crayon self portrait of 1972, his searing gaze finally faces his own mortality, the one battle he could not win with crayon or brush alone. A few months after completing this drawing, he was dead.

PICASSO AND PORTRAITURE: REPRESENTATION AND TRANSFORMATION, MUSEUM OF MODERN ART, 11, WEST 53 STREET, NEW YORK, NY 10019. TEL: 212 708 9750. PRESENTED IN COLLABORATION WITH THE MUSEE PICASSO, PARIS. A SMALLER VERSION OF THE EXHIBITION OPENS AT THE GRAND PALAIS, PARIS, IN OCTOBER.

What could be more fantastic, you might ask. The trouble is that King seems to have no interest in appealing to the imagination of his public; unlike Tolkien or Lewis he is not concerned with using his heads about fuel supplies, lipstick, hairdos or anything) into two camps and set up a Manichean conflict. The good guys dream about an old black woman who will save the world while the bad guys follow Old Nick.

Up to the end of Episode 1 we are in the territory of the post-holocaust yarn, a familiar enough form in cinema and television, though most versions have taken nuclear war as their starting point. The narrative drives along several odd characters are established – the never-do-well rock singer, the deaf mute, the lovesick poet – and lots of money is spent on locations and hardware. Unfortunately matters then nosedive into silliness. King divides the survivors (who never need to bother their heads about fuel supplies, lipstick, hairdos or anything) into two camps and set up a Manichean conflict. The good guys dream about an old black woman who will save the world while the bad guys follow Old Nick.

The latter 4½ hours of this work are slow, diffuse and amazingly boring. This sort of thing could quickly give fantasy a bad name.

can-based enterprise arrives on August 20.

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Last year Victor Hochhauser's half-century connection with the Albert Hall was celebrated by a dinner attended by the great and good of music. The Hochhausers show no sign of slowing down, showing remarkable longevity for an arts business based in the private sector. Lillian admits there have been occasions when she felt at a disadvantage without either government funding or sponsorship.

"Perhaps we've been too successful for our own good. Sponsorship came a bit late in our career. It's my weak point – I'm too busy putting things on to worry where the money comes from... Of course, it doesn't always have to be to your taste. That would be a great indulgence. You have to decide if it will succeed with an audience. But I don't think I've done anything I've touched."

Television / Christopher Dunkley

Fantasy makes its last stand

Fantasy, especially as an element in television fiction, has never been opposed in this column. Indeed, in the last few years there have been several calls for more of it, and criticism of British broadcasters for being less adventurous than their American counterparts in using fantasy themes for popular drama.

From *The Twilight Zone* to *The X Files* by way of *Beauty and the Beast*, the Americans have seemed more willing than the British to work in this vein. There has been the occasional British exception, of course: *Edge of Darkness*, recently repeated on UK Gold, had a remarkably fey theme involving Gaia and the supposed capacity of planet earth to withstand mankind's depredations.

But for those of us

brought up on *Puck of Pook's Hill*, the Red and Blue Fairy Books, Tolkien and C.S. Lewis, not to mention Shakespeare's ghosts, witches and fairies, British television has usually seemed timid about supplying us with the fantastic. However, when it does come along in unusual quantities, as is happening now, the aficionado may suddenly find himself back-peddling and complaining about the precise type of fantasy on offer and, even more crucial, the attitude lying behind it. Take, for example, *Out of This World* on BBC1 on Tuesday evenings. This is an

ostensibly rational approach to supposedly paranormal phenomena, all tricked out with "scientific" tests and controls.

Yet contrary to the appearance being strained for, it is little more than an attempt by television to climb on to the bandwagon of crass irrationality and wishful thinking, ridden with such success by the popular press with its pages on "Your Stars" and features on ley lines and pyramids on the moon. This week's *Out of This World* item on the "telepathy" of pets was typical. We were shown a woman's dogs, kept

in a conservatory, watched by a video camera, while she stayed upstairs. The dogs, we were assured, became excited when their mistress merely thought about taking them for a walk.

My dog had similar "telepathy". There was no need to mention the word "walk" or take down his lead, you only had to change your shoes, pick up a letter for the post, or lock the back door, and he would bark and run to the front door ready for a walk. If this programme had really wanted to test the dogs' supernatural talents they could have put them in a conservatory in Glasgow

and their mistress in a room in London: what price then the dogs' ability to know when she was thinking about walks? The BBC's willingness to capitalise on the death of God by appealing to the widespread desire to believe in this sort of malarkey has been deeply dispiriting.

Nor do matters improve when you switch to fiction. This evening BBC1 screens the first of four 90-minute episodes (yes, six hours altogether) of *Stephen King's The Stand*, a peculiar name for King's adaptation of his own book *The Plague*, which is a better title.

Up to the end of Episode 1 we are in the territory of the post-holocaust yarn, a familiar enough form in cinema and television, though most versions have taken nuclear

Cultural evolution between east and west

Martin Hoyle meets an impresario whose name is almost synonymous with Russian performers

Birmingham she was not unknown to Mario Lanza, but she has allowed us access to countless dancers and musicians. In 1949 she married the young Victor who had presented his first Albert Hall concert four years before, and took to the business of promoting like a baleful swan to its lake.

The Hochhausers' cultural import-export business casts a sidelight on the politico-artistic history of the post-war period: seismic rumblings from Stalinism, Khrushchev's thaw, Sino-Russian tensions, Mao's Cultural Revolution, Brezhnev's re-freeze – all could be sensed in the marketplace, sometimes free, sometimes not so free, of international music and dance.

But the Hochhauser name is almost synonymous with the flood of great Russian artists that opened western eyes and ears during the cold war period. "It began almost on the day Stalin died in 1953," overshadowing, as Lillian points out, the death of Prokofiev on the same day. "The full extent of the horrors was not yet known. There was the nov-

elty of the country opening up – the Oistrakhns, Emil Gilels, Rostropovich, Leonid Kogan. Not to overuse the word 'legendary'..."

The earliest Hochhausers Russians were the Oistrakhns, father and son, violinists. "They had started sending cultural delegations over. We read by chance that Igor Oistrakh would be in one – we knew the prewar recordings of his father David and thought 'any Oistrakh is better than none'." A concert was arranged, and the great David himself played in Britain regularly for 20 years. "He died on the day that the minister of culture, Mme Furtseva, died – in mysterious circumstances. We've never been sure if it wasn't suicide. She was in disgrace, perhaps she had pinched some bricks for her country house."

Inevitably, the Hochhausers' cultural import-export business casts a sidelight on the politico-artistic history of the post-war period. The Russians evinced their historical mixture of barbarity and high refinement. "You can't say they nurtured the arts – they were beastly to them. But they flourished. We had to deal with functionaries, a

terrible pain. But we didn't discuss politics, never uttered a word out of place, except with the artists who became very close friends."

If Russia could unexpectedly freeze over, there was a warming sun further east. "We never stopped contact with the Chinese, but all that happened was when you spoke to the embassy, the phone was put down." Nevertheless, the Hochhausers brought the first Chinese acrobats to London. The two-week season at the Coliseum was sold out in Glasgow

phoned me from Moscow to be prepared for problems. 'We have to meet the ministry of culture to discuss the fact they don't want Boulez to conduct'."

After a sumptuous breakfast of caviare and vodka, the Russians expressed their unhappiness with the programme and repertoire. "William Glock suddenly stood up and said, 'Any more of this and I'm going home'." Eventually the orchestra's only concession was to substitute early Webern for late. "It was sensational. They had never heard anything like it. When Boulez conducted his *Explosions* in Moscow he had to repeat it."

The ministry sat in its

box, stony-faced, pointedly not applauding.

"But very young composers like Deni

ssov took the risk, very dan-

gerous at the time, of getting in touch."

It was an emotionally fraught tour altogether.

"Jackie [du Pré] had just fallen in love with Daniel

[Barenboim] and couldn't wait to leave. They married a few months later in Israel."

The *splendeurs et misères*

of personality are, of course, inextricably linked with the problems of promoting foreign artists. The Hochhausers took advantage of a temporary chill in British-Muscovite relations to present several seasons of dance by Rudolf Nureyev – despite a delayed first meeting he had "jumped the barrier" in Paris before the Kirov company arrived in London.

The rearranged schedule brought Makarova to the fore. She would later defect to the West, to the fury of the KGB who were watching the Hochhausers at the time (he later defected in Canada).

The "second great dance phenomenon" in the Hochhausers' life is Baryshnikov. "In a splendid season at the Festival Hall in 1965 he insisted on dancing every night of a seven-week season. He is completely different from Nureyev: he seems suspended in the air, you feel he's going to stay off the ground. Later he came to London with the American Ballet Theatre, in one season as both director and dancer."

London renewes its relationship with Baryshnikov this month when his Ameri-

can-based enterprise arrives on August 20.

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Last year Victor Hochhauser's half-century connection with the Albert Hall was celebrated by a dinner

INTERNATIONAL ARTS GUIDE

What's on in the principal cities**ADELAIDE**

EXHIBITION
Art Gallery of South Australia Tel: 61-8-2077000
● Cézanne to Jackson Pollock: The William S. Paley Collection: this exhibition of works from the Paley Collection of the Museum of Modern Art, New York, traces the development of Modernism out of late Impressionism. Artists represented in the exhibition include Cézanne, Bonnard, Gauguin, Picasso, Manet, Matisse, Braque, Renoir and others; to Aug 18

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Koninklijk Concertgebouw Orkest: with conductor Riccardo Chailly and pianist Maria João Pires perform works by Prokofiev, Mozart and Stravinsky; 8.15pm; Aug 14

BARCELONA

EXHIBITION
Fundació Joan Miró Tel: 34-3-3291908
● European Architecture 1984-1994: exhibition comprising the winning projects for the European Architecture Awards together with a selection of finalists. In addition, the exhibition includes a selection of candidates from the first four editions and, like the Award itself, has been designed to offer a representative sample of the best architecture produced in Europe during the last decade and to reveal some of the creative processes involved. The material on display consists of models, sketches, plans, presentational and working drawings; to Sep 8

BOLOGNA

EXHIBITION
Galleria d' Arte Moderna Tel: 39-51-502859
● Sean Scully: solo exhibition featuring approximately 30 paintings executed during the last fifteen years and a selection of pieces from the early nineties documenting the intact vitality of Sean Scully's work; to Sep 1

BONN

EXHIBITION
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200
● Wisdom and Compassion. The Sacred Art of Tibet: this exhibition focuses on the traditional themes of the art of Tibetan Buddhism and presents the important stylistic developments from the 9th to the 19th century. On display are 180 objects of sacred art, mainly scroll-paintings (tangka) and ornate metal sculptures, but also application work and tapestries as well as wooden, ivory and stone sculptures with a strong religious expression; to Aug 25

BOSTON

EXHIBITION
Museum of Fine Arts Tel: 1-517-267-9300
● Yousuf Karsh: exhibition featuring approximately 120 photographs by Yousuf Karsh who has portrayed many legendary figures of the twentieth century, including G.B. Shaw, Churchill, Kennedy, Einstein, O'Keefe, Hepburn, Rostropovich, Hemingway and Auden; to Oct 20

BREGENZ

CONCERT
Bregenzer Festspiele - Festspiel und Kongresshaus Tel: 43-5574-4220
● Wiener Symphoniker: with conductor Wolfgang Sawallisch and mezzo-soprano Marjana Lipovsek perform works by Berlioz and Schubert. Part of the Bregenzer Festspiele; 7.30pm; Aug 12

BRUSSELS

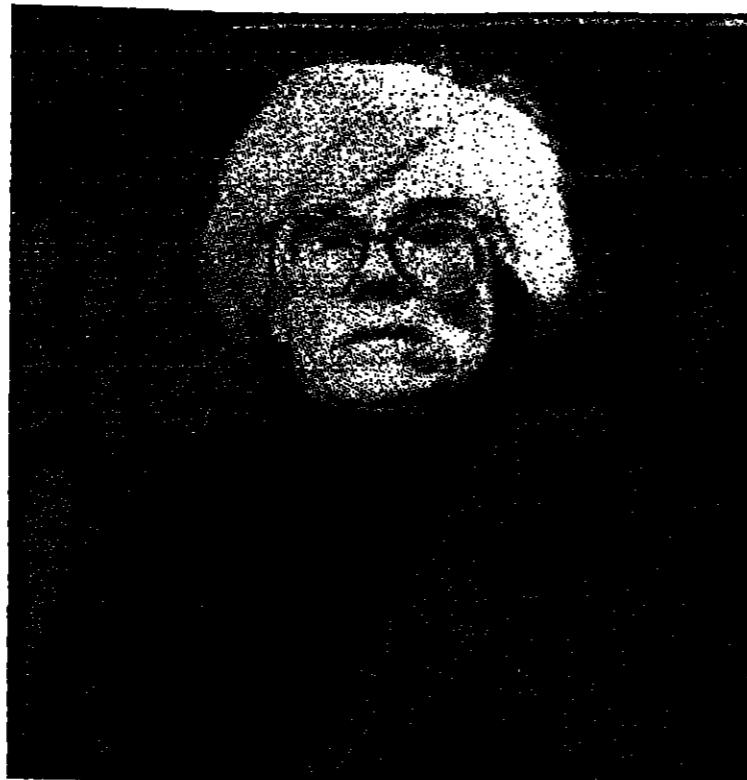
EXHIBITION
Musées Royaux d'Art et d'Histoire Tel: 32-2-7417211
● Magisch Goud - Schatten van de Etrusken en de Romeinen: exhibition featuring more than 200 gold and silver objects, spanning 2,000 years of Italian culture. The objects on display range from Etruscan jewellery from the 8th century B.C. to 13th century coins; to Sep 6

CANBERRA

EXHIBITION
National Gallery of Australia Tel: 61-6-240-6411
● William Morris and Friends: exhibition celebrating the work of the designer and writer William Morris, who died 100 years ago. Other artists in the show include Sir Edward Burne-Jones, Walter Crane, William De Morgan and Aubrey Beardsley. The exhibition features illustrated books and drawings for the Kelmscott Press, photographs, prints, wallpaper, textiles, ceramics, metalwork and glass; to Dec 1

CAPE TOWN

THEATRE
Nico Theatre Tel: 27-21-215470



Andy Warhol: rarely seen portrait on show in Pittsburgh

● Macbeth: by Shakespeare. Directed by Martin Basson. The cast includes André Roothman, Terry Norton, Keith Grenville, Kurt Wistmann and Duncan Lawson; Mon-Thu 7pm, Fri, Sat 8.15pm; from Aug 12 to Aug 17

CHICAGO

EXHIBITION
Art Institute of Chicago Tel: 1-312-4432600
● D.H. Burnham and Mid-American Classicism: celebrating the 150th anniversary of Daniel H. Burnham's birth and his contributions in shaping Chicago's downtown district, the Art Institute presents this exhibition of approximately 100 drawings from the museum's permanent collections. Architect D.H. Burnham (1846-1912) was involved in the design of early Chicago skyscrapers such as the Rookery and several significant buildings in Chicago ranging from Marshall Field's and Orchestra Hall to the Railway Exchange and the People's Gas Buildings. He also created master plans for the cities of Cleveland and San Francisco and was the mastermind of Chicago's grand Michigan Avenue, the Michigan Avenue Bridge, and Grant Park; to Sep 2

DRESDEN

EXHIBITION
Kunst Tel: 49-351-4953056
● Von El Greco bis Mondrian: exhibition featuring approximately 80 paintings from the collection of Roth and Margit Weinberg. This Swiss private collection focuses mainly on 19th and 20th century works, but also holds some important works from the 16th through the 18th century. Artists featured in the exhibition include El Greco, Cézanne, Courbet, Degas, Toulouse-Lautrec, Beckmann, Picasso, Léger, Schlemmer, Mondrian, Van Doesburg and Lissitzky; to Sep 15

DUBLIN

EXHIBITION
Irish Museum of Modern Art Tel: 353-1-6718666
● Sean Scully: Twenty Years: this exhibition includes approximately 30 paintings and 32 watercolours covering the two decades during which Scully moved from England to the US, obtained American citizenship and established himself as a pivotal figure in post-war abstract painting. Several of the works are drawn from the artist's own collection; to Aug 25

DUSSELDORF

EXHIBITION
Kunstmuseum im Ehrenhof Tel: 44-171-93882460
● Otto Piene - Retrospektive: retrospective exhibition devoted to the work of the German artist Otto Piene (b. 1928). The display gives an overview of the diverse aspects of his work, in which the themes of light and fire play an important role. The show includes paintings, drawings, sculptures and inflatables - large sculptures filled with helium; to Aug 11

FRANKFURT

EXHIBITION
Deutsches Architekturmuseum Tel: 49-69-2128471

● Erich Kienholz (1891-1972): Architekturwörte, Innenaumgestaltung und Typographie eines Universal-Künstlers der frühen zwanziger Jahre: exhibition of a collection of 70 drawings, created between 1922 and 1928 by the German artist and architect Erich Kienholz; to Sep 8

GENEVA

EXHIBITION
Petit Palais Musée d' Art Moderne Tel: 41-22-3461433
● Les Neo-impressionnistes: exhibition of 70 works from the Neo-impressionist collection of the Petit Palais. The display includes works by artists such as Albert Dubois-Pillet, Maximilien Luce, Charles Angrand, Van Rysselberghe, Van de Velde, A.J. Heymans, Henri Martin, Pietro Mengarini and Signac; to Sep 30

GHEENT

EXHIBITION
Museo Nacional Centro de Arte

Reina Sofia Tel: 34-1-4675062
● BUNUEL La mirada del siglo: this exhibition, centred around Luis Bunuel's film "La edad de oro", focuses on work by people who inspired Bunuel or were themselves inspired by his work. The display features 500 works, including paintings, drawings, sculpture, books and photographs. Artists represented include Dalí, Miró, Magritte, Giacometti, Picasso, Ernst, Tamayo, Man Ray, Alvarez Bravo and García Lorca. Also on display is a selection of 50 photographs of Bunuel working on a film shoot, made by Gabriel Figueroa; to Oct 14

MELBOURNE

EXHIBITION
National Gallery of Victoria Tel: 61-3-92080222
● JMW Turner: exhibition of approximately 60 paintings and watercolours by the English landscape painter Joseph Mallord William Turner (1775-1851). The exhibits come from European and American museums and private collections, including the collections of the Tate Gallery and the National Gallery in London; to Sep 10

MOSCOW

EXHIBITION
State Pushkin Museum Tel: 7-095-2036974
● The Treasure of Troy: exhibition of some 260 gold and silver objects, excavated by the German archaeologist Heinrich Schliemann in Turkey in 1873. It was Schliemann's belief that these objects, including diadems, rings, necklaces and goblets, once belonged to the Trojan King Priam, but later research has proved this to be untrue. The finds were brought from Berlin to Russia by the Red Army at the end of the second world war; to Apr 1997

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-708-5030
● Mostly Mozart Festival Orchestra: with conductor Gerard Schwarz, flutist James Galway, harpist Naoko Yoshino and horn-player John Cerniero perform works by J.S. Bach and Mozart. Part of the Mostly Mozart Festival; 8pm; Aug 14

EXHIBITION
MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400
● From Bauhaus To Pop: Masterworks Given By Philip Johnson: exhibition on the occasion of the 90th birthday of architect Philip Johnson, honouring seven decades of contributions by one of the MOMA's most dedicated supporters; to Sep 3

PARIS

EXHIBITION
Musée du Louvre Tel: 33-1-40 20 50
● François 1er par Clouet: exhibition focusing on two portraits of François I in the collection of the Louvre. The display tries to answer the question who painted these portraits: Jean Clouet, his son François or his brother Paul. Included in the exhibition are sketches by Jean Clouet and works by contemporaries of the Clouet family; to Aug 26

EXHIBITION
The Andy Warhol Museum Tel: 41-237-6300
● Portraits of the Artists: Andy Warhol and His Contemporaries at Lee Castelli: this exhibition focuses on Warhol's rarely-seen 1967 portraits of 10 artists, including himself, who virtually defined the art of the time while exhibiting their work in New York's Leo Castelli Gallery during the 1960s. The exhibition is accompanied by source photographs and other archival material; to Sep 1

PITTSBURGH

EXHIBITION
The Andy Warhol Museum Tel: 41-237-6300
● The Belmont Ensemble of London: with conductor Peter Gillard-Dyson perform works by Mozart, Handel, Vivaldi and J.S. Bach; 7.30pm; Aug 16

ROME

EXHIBITION
Palazzo delle Esposizioni Tel: 39-6-4742216
● Ulisse. Il mito e la memoria: exhibition focusing on the depiction and transformation of the mythological story of Odysseus in art. The display features more than 200 objects, including sculptures, vases, jewellery and paintings, spanning the period between the 8th century BC and the 6th century AD; to Sep 2

SAN FRANCISCO

EXHIBITION
California Plaza of the Legion of Honor Tel: 1-415-863-3330
● Pergamon: The Telephos Frieze from the Great Altar: exhibition of rare and renowned works of Hellenistic sculpture from the second century BC.

Twelve newly restored relief sculptures from the Telephos frieze that once decorated the interior court of the Great Altar of Pergamon are on display, along with 30 other works that help explain the original purpose and placement of the Telephos frieze.

Included are statues, fragmentary sculpture and architecture of the Great Altar, a portrait head of an Attalid king, and a series of portraits on coins. The works come from the collection of the Pergamon

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Museum in Berlin: to Sep 8

SYDNEY

OPERA
Drama Theatre, Opera Theatre, Playhouse Tel: 61-2-250-7127
● Lucia di Lammermoor: by Donizetti. Conducted by Rodrick Brydon and performed by the Australian Opera. Soloists include Gillian Sullivan, Gregory Tomlinson and Jeffrey Black; 7.30pm; Aug 15

THE HAGUE

EXHIBITION
Haags Gemeentemuseum Tel: 31-70-338111
● Van Monet tot Matisse, Franse Meesters uit het Poesjkin Museum in Moskou: this exhibition features approximately 80 French paintings from the collection of the Pushkin Museum in Moscow. The works on display span the period between 1870 and 1912, ranging from Impressionism and Post-Impressionism to Fauvism and early Cubism. Artists represented include Monet, Cézanne, Gauguin, Picasso and Matisse; to Oct 13

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TOKYO

CONCERT
Kusatsu Concert Hall Tel: 81-3-34986190
● Guruma Symphony Orchestra: with conductor K. Ishii and oboe T. Indermühle perform Wagner's overture to Rienzi, R. Strauss' Oboe Concerto in D major and Brahms' Symphony No.2 in D major, Op.73. Opening concert of the Kusatsu International Summer Music Academy & Festival; 4pm; Aug 17

VERONA

OPERA
Arena di Verona Tel: 39-45-50109/966/726
● Nabucco: by Verdi. Conducted by Maurizio Arena and performed by the Orchestra e Coro dell'Arena di Verona. Soloists include Renato Bruson (Aug 11, 13), Leo Nucci (Aug 16, 21), Nunzio Todisco (Aug 11, 13, 16), Giorgio Menghi (Aug 21), Pasta Burchuladze (Aug 11), Carlo Colombara (Aug 13, 16, 21), Maria Guleghina (Aug 11) and Paola Romano (Aug 13, 16, 21); 8pm; Aug 11, 13, 16, 21

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-708-5030
● Mostly Mozart Festival Orchestra: with conductor Gerard Schwarz, flutist James Galway, harpist Naoko Yoshino and horn-player John Cerniero perform works by J.S. Bach and Mozart. Part of the Mostly Mozart Festival; 8pm; Aug 14

VIENNA

EXHIBITION
Palais Liechtenstein Tel: 43-1-3176900
● Erò: From Mao to Madonna: retrospective of this legendary figure of European Pop Art, Object Art and Action Painting. The exhibition features about 90 large-format paintings spanning a 30 years period; to Sep 8

WASHINGTON

EXHIBITION
National Gallery of Art Tel: 1-202-7374215
● Jan Steen: Painter and Storyteller: this exhibition of approximately forty-five paintings by Jan Steen examines the range of subjects and styles in this Dutch artist's body of work. There has been no major exhibition of Steen's work since the retrospective at the Mauritshuis in The Hague in 1959; to Aug 18

● Scenes of Daily Life: Genre Prints from the Housebook Master to Rembrandt van Rijn: this exhibition presents 38 prints, six illustrated books and one copper plate depicting scenes of everyday life in Germany and the Netherlands from the late 15th to the late 17th century. These images were the predecessors of the genre prints that became so popular in the Netherlands in the seventeenth century. The selection includes illustrated books and prints in various techniques.

Among the artists represented are Israël van Meckenem, the Master of the Housebook, Lucas van Leyden, Albrecht Dürer, Hendrick Goltzius, Rembrandt van Rijn and Adriaen van Ostade; to Aug 18

WORCESTER

FESTIVAL
Three Choirs Festival Tel: 44-1905-616211
● Worcester Three Choirs Festival: this festival, originally an annual meeting of the three choirs of Gloucester, Hereford and Worcester, held by rotation in these cities, ranks amongst the oldest in the world. The first edition was probably held as early as 1715, aiming to alleviate the poverty of widows and orphans of the clergy in the three dioceses.

This year, the festival is held in Worcester. The festival begins with the usual Dedication Service, followed by the opening concert with Beethoven's Fifth Symphony and the recently rediscovered Messe Solemnelle by Berlioz. The music of Edward Elgar is well-featured this edition with The Dream of Gerontius, the First Symphony, the Quintet, and his first oratorio, The Life of Light, marking the 100th anniversary of its first performance; from Aug 17 to Aug 24

Included are statues, fragmentary sculpture and architecture of the Great Altar, a portrait head of an Attalid king, and a series of portraits on coins. The works come from the collection of the Pergamon

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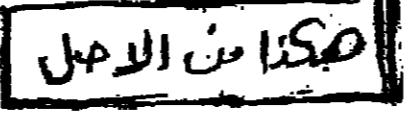
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LUXEMBOURG (REGULATED) (cont.)															
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WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

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WORLD STOCK MARKETS

AMERICA

Bond prices offset book-to-bill ratio

Wall Street

US shares held close to Thursday's closing levels in mid-session trading as weaker-than-expected demand for semiconductors was offset by rising bond prices, writes *Liza Brammer* in New York.

At 1pm the Dow Jones Industrial Average was off 1.85 at 5,711.64, while the more broadly based Standard & Poor's 500 rose 0.92 at 665.51. The American Stock Exchange composite was off 0.66 at 551.11. Volume came to 183m shares.

Shares were helped by activity in the Treasury market where bond prices rose in early trading after the labor department said that the producer price index had held steady in July, all but

removing fears that the Federal Reserve might raise interest rates later this month. Economists had forecast a 0.2 per cent increase in the PPI.

But the Semiconductor Industry Association's release late on Thursday of unexpectedly weak data on demand for semiconductors weighed on some technology shares.

The SIA said that the July book-to-bill ratio, a key measure of demand, fell to 0.85 last month from 0.88 in June. Although the decline was small, analysts had expected it to rise to about 0.95. The book-to-bill ratio measures orders shipped against new orders received, meaning in this case that for every dollar of product shipped last month, only 85 cents of

new orders were received.

Technology shares opened weaker on the semiconductor rebound by midday. The Nasdaq composite fell more than 5 points in the first minutes of trading before moving to a 1.94 gain at 1,139.45 near noon.

Chip stocks were mixed on the news. Intel added 51¢ at \$34.24, while Micron Technology fell 5¢ at \$24.41.

Shares in America Online tumbled 3¢ or 9 per cent to \$30.00 on concerns about customer cancellations at the online service. AOL reported strong earnings growth late on Thursday, but also said that some heavy users of the service had canceled subscriptions.

Shares in H.J. Heinz fell 5¢ at \$38 after the company

warned that profits for the quarter just ended would be lower than analysts' estimates.

Hambrecht & Quist, the San Francisco-based investment bank, rose on its first day of trading, from \$18.00 on Thursday to \$18.75 by mid-day.

Canada

Toronto saw a quarter-point cut in bank rate and rate-sensitive stocks, including banks, rallied.

The TSE 300 composite index rose 9.66 to 5,051.37 at 1pm local time in spite of a percentage point drop in the gold and precious metals index.

Toronto financials were 0.4 per cent ahead at this stage. Bank of Nova Scotia and

Toronto-Dominion Bank hitting new 52 week highs before easing to C\$34.40 up 10 cents, and C\$26.75, up 5 cents respectively.

Latin America

MEXICO CITY took its cue from the US and in moderate trading conditions the IPC index was up 31.02 at 3,216.82 at mid-session. Among the leading risers were Dina, the manufacturer of trucks, which had gained nearly 14 per cent during the morning, and the financial group Banamex-Accival, up 3.8 per cent.

BUENOS AIRES was lower as investors reflected on the country's general strike held on Thursday. The Merval index was off 8.24 or 1.5 per cent at 541.36.

Hong Kong breaks its summer lethargy

Louise Lucas asks if US links are weakening

Fuelled by expectations

of bumper results from HSBC Holdings, which duly materialised last Monday, the Hong Kong stock market has enjoyed a welcome break from summer doldrums. While the bulls, bears have also been vindicated by the generally sluggish debuts made by new issues.

Last week saw the debut of Kerry Properties, part of the Kuo group, which closed just 5 HK cents above the HK\$17.50 issue price. Road King, an infrastructure company, closed 8.3 per cent lower on its maiden day of trading last month. These performances have been partially attributed to weak market conditions, although the quality of individual companies, such as Road King, has also been called into question.

Hong Kong, which boasts Asia's second biggest stock market and is the preferred route of international investors seeking China exposure, has laboured traditionally under a number of handicaps.

First, the currency link to the US dollar makes it vulnerable to shifting interest rate patterns in the US, and speculation over the direction in which interest rates are headed. Secondly, its economic links to China (its major trading partner and home for much of its corporate investment) ensure that it feels the fallout from bad news across the border.

Finally, it suffers from the '1987 factor', reflecting the risks relating to China's resumption of sovereignty next July. It is largely, if not wholly, due to the handing over that Hong Kong trades at a discount of some 25 per cent to regional valuation levels.

Jardine Fleming Securities argues that the US link is weakening, a view borne out by the market's performance last month. Mr Colin Bradbury, regional strategist, says that last month's gyrations on Wall Street and the bond market should, in theory, have hit Hong Kong and

Thailand hardest, due to the currency links with the US dollar in both countries.

However, while Thailand was the worst performing market in the region last month, shedding 15 per cent, Hong Kong dropped just 3.5 per cent. "There is no slavish following of Wall Street or dancing to the tune of the US bond market," he says.

Even so, brokers are keeping a wary eye on Wall Street, and few are confident about its performance going forth. "You've got to look at New York," says one broker.

"There's the link with the

sluggish retail figures and historically high unemployment figures.

However, in valuation terms Hong Kong remains relatively attractive. The market is on a 1996 price earnings multiple of around 12.4, according to Salomon Brothers' calculations, and one of 11.4 for 1997. This compares with Malaysia, the next biggest market in the region, which boasts a 1996 p/e of 19.5, and Singapore's 18.9.

The Hang Seng Index, Hong Kong's benchmark, closed Friday at 11,104, up 1.8 per cent on the week and a 10.2 per cent gain over the year so far. It is 9.9 per cent off the all-time high reached in January 1994.

Mr Bradbury reckons that there is room for further share price rises in the banking sector; he says that HSBC Holdings, compared to Standard Chartered, Barclays or NatWest, is still attractive. With an expected rise in US interest rates next year, the property sector may be vulnerable, although property analysts believe the market has bottomed out.

Property is a key plank of the stock market, accounting for some 35 to 40 per cent of the Hang Seng Index.

China companies in Hong Kong fall into two camps: the 'pure' H shares, former state owned enterprises now listed in Hong Kong, and the red chips - a loose term used to cover the legions of stocks with strong China connections and exposure, such as Citic Pacific, Beijing's investment agency.

The outlook for the H share companies, which are generally single product companies in cyclical businesses like steel or petrochemicals, is poor, according to analysts. The companies posted disappointing earnings last year, and the credit beginning of its economic cycle rather than the end. Other brokers and economists dispute this, pointing to decelerating GDP growth, to result in increased capital flows into the territory.

Mr Bradbury, who recommends investors be overweight in Hong Kong, says the territory also stands out in the region for being at the beginning of its economic cycle rather than the end. Other brokers and economists dispute this, pointing to decelerating GDP growth,

EUROPE

Pressure on franc continues in Paris

Pressure on the French franc continued to make its impact felt on PARIS. The currency fell to a four-month low against the D-Mark as rumours abounded.

The net effect on equities was limited, particularly in the peak holiday season, with its low turnover environment. The CAC 40 index slipped 7.88 to 1,988.54, in turnover of FF12.2bn.

Mr Darren Williams of UBS said it was too early to call the current problems with the franc a crisis. "More of a wobble," he considered that the underlying reason for the weakness in the franc was a widespread concern over the budget.

"With the French economy showing few signs of imminent recovery," he said, "the government faces a huge challenge in trying to reduce its budget deficit to anywhere near the Maastricht target. Significant spending cuts will be necessary, and it is not yet clear that these can be delivered."

Sommer-Alibert, the car parts maker, continued its impressive progress as another domestic broker added to Thursday's upgrades by two of its counterparts.

ASIA PACIFIC

US chip data put pressure on region

Tokyo

Softer than expected US semiconductor demand affected sentiment, and share prices lost ground in spite of the dollar's rise against the yen, writes *Eriko Terazono* in Tokyo.

The Nikkei 225 index fell 180.36 to 20,551.65, after a day's high of 20,734.88, and a low of 20,422.26, down 1.9 per cent on the week. A sharp decline in speculative stocks also discouraged investors;

volume rose from 285m shares to 370m, but this figure was inflated by activity linked to settlements for August options contracts.

The Topix index of all first section stocks fell 11.46 to 1,567.44, and the Nikkei 300 index rose 1.93 to 1,894.80.

In speculative stocks, TYK, the firebrick maker, plunged Y150 to Y1,030, Daido Steel Sheet lost Y10

turnover down from DM6.8bn to DM5.2bn.

Transatlantic influences included the poor US semiconductor book-to-bill ratio, and halved net income at Hoechst Celanese in the June quarter; against that the US producer price index was unchanged, giving Treas-

uries, and subsequently the DAX a good mid-morning.

At home, prosecutors struck at Thyssen in connection with a fraud investigation and the steel group's shares dropped DM5.45 to DM62.20.

However, there was good news in the corporate sector, too, as Fresenius, the pharmaceuticals company, reported a 35 per cent jump in first half profits, saw shares in its Fresenius USA offshore soar by 52%, or 13.3 per cent, to \$20.4, and its preferred shares, at home, close DM10 higher at DM24.

The telecommunications sector continued to suffer from disappointment regarding the government's privatisation plans for Stet, announced in midweek. Stet fell L90 to L4,715, and Telecom Italia L65 to L2,840.

ENI lost L155 at L6,350 as some investors worried about the threat of possible

feet that in spite of the disappointment over the interim, prospects for the full year remained promising. The AEX index eased 0.72 to 549.48.

MILAN was another market upset by currency weakness, with the lire responding to speculative attacks made against the French franc. The Mibtel index lost 1.2 per cent as the Affari Värdaren General index rose 5.8 to 1,968.5. Here, the market was pulled back a little by a SKR3 to SKR18 in Ericsson B, which lost precisely what they had gained on the Nokia second quarter.

HELSINKI, meanwhile, had a 2 per cent jump in forestry stocks to float upon, and the Hex index came in 2.42 higher at 2,074.37.

Written and edited by William Cochrane and John Pitt

turnover down from DM6.8bn to DM5.2bn.

AMSTERDAM pressured Unilever, which published a set of interim results interpreted as disappointing. The food to detergents group issued first half profits below analysts' forecasts and the stock lost F1.20 to F1,234.80.

In Osaka, the SSE average fell 17.57 to 21,588.20 in volume of 127.3m shares.

The electronics sector fell 1.4 per cent, with United Microelectronics down T\$1.1 to 51.35, after a day's high of 51.65, and turnover of T\$1.2bn.

The All Ordinaries index shed 4.9 to 2,221.7 in turnover of A\$524.4m.

JAKARTA remained subdued as many investors became nervous over the possibility of unrest in the city. The JSX index eased 1.2 per cent to 457.71 in turnover of Rp153.4bn.

The All Ordinaries index shed 4.9 to 2,221.7 in turnover of A\$524.4m.

Samsung Electronics lost 2.7 per cent in SEOUL, following the disappointing data from the US Semiconductor Industry Association. The composite index fell 4.5 to 832.61, following a rise of 1.6 per cent over the last four sessions.

The B index finished down 31.19, or 4 per cent, at 939.67.

SHANGHAI B shares fell heavily on selling from Chinese nationals, who were worried that regulatory officials could force them to liquidate holdings in an effort to encourage the entry of more foreign institutions.

The B index finished down 31.19, or 4 per cent, at 939.67.

• Singapore was closed for a public holiday.

to Y1,030 and Kanematsu Y24 to Y572.

High-technology stocks were mixed. Sony declined Y30 to Y6,820, but the dollar's strength helped some stocks, including Hitachi, which rose Y20 to Y1,020. Honda Motor was also bought on the stronger dollar, rising Y10 to Y2,550, but Toyota Motor fell Y20 to Y2,520 on profit-taking.

Trading houses were weaker. Mitsui, the most active issue of the day, fell Y16 to Y946. Sumitomo and Daito lost Y1.63 to 292.02. Declines led advances by 850 to 188 with 162 unchanged.

In London, the ISE/Nikkei 50 index rose 1.93 to 1,894.80.

In speculative stocks, TYK, the firebrick maker, plunged Y150 to Y1,030, Daido Steel Sheet lost Y10

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The FT-SE Actuaries Share Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FT-SE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS

Figures in parentheses are latest available figures. Data is as at 31 July 1996.

Number of firms in each category.

Index is as at 31 July 1996.

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5pm on Thursday and settled through the Stock Exchange Tideman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

* Bargains at special prices. # Bargains done the previous day.

British Funds, etc

Treasury 13 1/2% 2000 Regd - £125.2
Exchequer 12 1/2% 2000 Regd - £124.98
Guaranteed Trust Finance Corp PLC 12 1/2%
Gld Lst Shk 2000 Regd - £123.2 (2408)

Corporation and Company Stocks

Birmingham District Council 11 1/2% Red Shk
2010 - £107.7 (2408)
Birmingham District Council 11 1/2% Red Shk 2005 - £124.
(2408)

Ledger City 9 1/2% Red Shk 2005 - £132.2
Selford City of 7% Lst Shk 2015 Regd - £241.
175 (2408)

UK Public Boards

Port of London Authority 3% Port of London
A Shk 2000 - £25.2 (2408)

Foreign Stocks, Bonds, etc (coupons payable in London)

Abbey National Sterling Capital PLC 5 1/2%
Subord Gld Shk 2004/52/Var - £128.2
Abbey National Treasury Servs Plc 6% Gld
Shk 1998/94/1000, 10000000 - £127.48
Abbey National Treasury Servs Plc 6% Gld
Shk 2000/01 - £120.23

Balearic Landmarks Grosvenor
PT75000 6.00% Nov 1997 - £65.58
(2408)

Balearic Landmarks Grosvenor PT65000
1% Nov 1997 - £62.02 (2408)

Carrer SA DE CIV 5.90% 50.00% Gld Gld
Shk 2005/06/2006 - £124.98

Argyl Group PLC 4.15% 2000 - £101.20 (2408)

Australian Industries 10% 2000 - £101.20
1998/93/10000000 - £107.65 (2408)

BALI 5.9% Ctry Bds 2000 Regd - £100.00
Gld Shk 2000/01, 2000/02, 2000/03 - £101.03

BALI International Finance PLC 9.9% Gld
Shk 2000/01 - £108.00 (2408)

Banca Popolare di Roma 7% Lst Shk 2004/52/Var
- £102.40 (2408)

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LEGAL DEFINITIONS
goodwill is a document in which you are left something of value 2 what you should expect to receive from your customers and the value of a business and its contacts with its customers. See ROWE & MAY: assp (ph 0171-246 4282)

Rowe & May
LAWYERS FOR BUSINESS

FINANCIAL TIMES

Weekend August 10/August 11 1996

MoDo
PULP, PAPER &
PAPERBOARD

Industry likely to bow to UK police pressure

Internet providers may restrict access to porn

By Paul Taylor in London

UK-based Internet service providers look likely to bow to pressure from Scotland Yard, headquarters of the Metropolitan Police force in London, and voluntarily try to restrict access by their subscribers to pornography on the information superhighway.

The recently-formed Internet Service Providers Association, which represents 60 of the estimated 140 Internet service providers in Britain, is to ask members to consider blocking access to Internet Usenet newsgroup electronic noticeboards featuring hard-core pornography. Police had warned they might intervene if no action was taken.

There are more than 20,000 Usenet newsgroups on the Internet which operate as discussion groups and cover subjects ranging from cooking and religion to sport and politics. Internet users can "post" comments, or scanned images, to these newsgroups.

The move comes as authorities in many parts of the world struggle to tackle illegal activities connected with the largely unregulated Internet - including the distribution of hard-core pornography. The association's initiative follows a recent meeting between the association and other Internet service providers, and the head of the Metropolitan Police clubs and vice unit.

The Internet service providers were told at the meeting that they faced the prospect of police intervention if they failed to deal with "this issue of public concern". Police chief also presented the meeting with a list of newsgroups which they said had been found to include pornography.

The association offered to act as "a clearing house to ensure the list was kept up to date and to facilitate the pooling of information from members". Mr Nicholas Lansman, of the association, said it now planned to consult its members on the contents of the list.

Dole eyes Kemp as possible presidential running-mate

By Jurek Martin in San Diego

Mr Jack Kemp, the 61-year-old former Republican congressman and housing secretary, has suddenly emerged from the pack as a possible running mate for Mr Bob Dole in the US presidential campaign.

Mr Kemp met Mr Dole in Washington on Thursday and said he had not yet been asked to take on the challenge. "I'm going to leave it in Bob Dole's hands," he said enigmatically yesterday.

The presumed Republican presidential nominee said he had made up his mind but would only reveal his decision in his home town of Russell, Kansas, today. Asked whether he considered his choice a perfect "10", Mr Dole said that his choice was "probably 11".

Other candidates known to have been given serious consideration are Senators John McCain of Arizona, Connie Mack of Florida and Don Nickles of Oklahoma, as well

as Governor John Engler of Michigan and former Governor Carroll Campbell of South Carolina.

Mr Kemp and Mr Dole are old rivals both for the Republican nomination in 1988 and over economic policy. Mr Kemp, a classic Republican tax-cutting supply-sider, has often been at odds with Mr Dole's preference for deficit reduction, but the latter's new economic platform, unveiled last Monday, constitutes a big move in the Kemp direction.

Mr Kemp did not even endorse Mr Dole in the spring primaries coming out, even if belatedly, for his old friend Mr Steve Forbes, the magazine publisher. He is also a vigorous opponent of new controls on immigration, now an article of faith in the Republican party and endorsed by Mr Dole, and more sympathetic to the problems of the poor in American inner cities than most in his party.

But Mr Kemp has long been

popular among conservative Republicans with a libertarian streak. "I didn't want anything, I haven't sought anything, I didn't expect anything, and still don't. And I have immense regard and respect for Bob Dole, it's his decision," he said yesterday.

Nevertheless, Mr Kemp has the reputation of being a poor and undisciplined campaigner, as his abortive 1988 effort demonstrated. Earlier this year, when he announced he would not seek the nomination, he also said he felt out of touch with the party on several issues which were important to him, including immigration and reductions in the social safety net.

Still, his selection would be popular in San Diego. He spent most of his professional football career in Buffalo, New York, but finished it as quarterback for the local San Diego Chargers.

A longing for choice, Page 3

German steel chief arrested

Continued from Page 1

tions into the ABB-Metallurgiehandel case were closed in 1993 after prosecutors decided there was "not sufficient material to bring criminal charges", Thyssen said.

An out-of-court settlement was agreed which, according

S African violence warning

Continued from Page 1

would serve to enhance the confidence of people in the police service," said the ANC.

Police also admitted yesterday that they had compiled a file on the threat of Islamic extremism surfacing in South Africa. A spokesman con-

firmed that the document leaked to the media, looked into the activities of 11 groups, members of which had been trained in Libya, Iran, Pakistan and Afghanistan.

He added that the document made a distinction between the Moslem faith and Islamic extremism.

Europe today

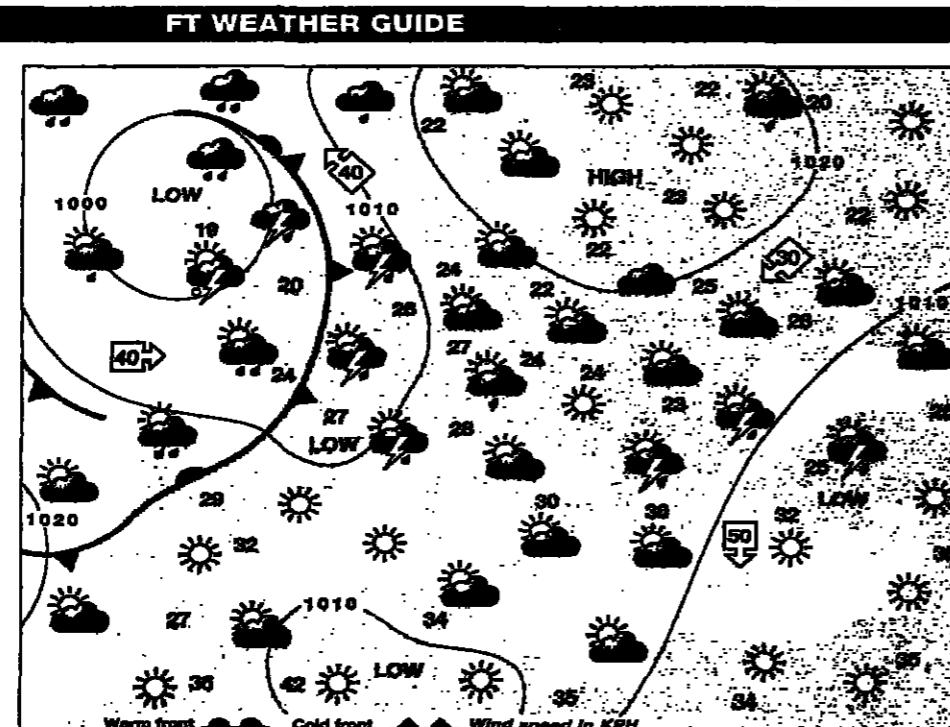
The British Isles will be rather cloudy with rain and thunder showers. France will have numerous showers which will be heaviest in the east. Recurrent showers and thunderstorms will produce a lot of rain in the Alps, Northern Spain, France, Portugal, south-western Germany and the Benelux will have showers. The Mediterranean will stay dry, sunny and warm with temperatures around 30°C. The Black Sea area will have thunder showers.

Scandinavia, the Baltic states, Poland and the Balkans will stay dry with sunny periods and temperatures between 20°C and 25°C.

Five-day forecast

Western Europe will remain unsettled with rain and thunder showers. Afternoon temperatures will be between 20°C and 25°C. Most rain is expected in central Europe. The Mediterranean and Scandinavia will stay mostly dry and rather sunny.

TODAY'S TEMPERATURES



More and more experienced travellers make us their first choice.

Lufthansa

Paris urges banks to drop claim on homes of directors

By Andrew Jack in Paris

The French government is putting pressure on the country's banks to waive their usual demand to secure a small business loan against the house of the company owner.

The aim is to relieve pressure on entrepreneurs and encourage company creation at a time when France is becoming increasingly concerned about lifting the obstacles which block the development of small businesses.

Mr Jean-Pierre Raffarin, minister for commerce and small business, said the clause would form one of the most important items in a new charter designed to rebalance relations between small companies and their banks.

He said it was designed to protect business executives from losing their principal house if they were unable to repay a bank loan.

The charter document is being drawn up based on the recommendations of the Picarle report, written by a former senior civil servant, and will be subject to ratification by small businesses and the banks. It is expected to be announced in early autumn.

It is also likely to demand that smaller companies be more transparent in the financial information they provide to bankers, and clarity "rights and duties" between both partners.

Mr Raffarin said the government did not intend at present to introduce legislation to enforce the charter, but that indications so far suggested the banks were willing to go along with the idea.

The French banking association admitted yesterday that banks were sometimes critical for demanding steep levels of security against loans even when the business projects being supported were of high quality.

Mr Raffarin said French small businesses had little loyalty towards bankers, which made developing long-term relationships difficult. He also accused the banks of being insensitive and withdrawing support, particularly when a company was going through a difficult period.

THE LEX COLUMN

Nervous Nikkei

Lingering hopes that July's sharp fall in Tokyo stocks might have been merely a reflection of Wall Street volatility have now been dashed. While some calm appears to have returned to US equities, Japanese stocks have fallen further. The Nikkei 225 index closed yesterday with another weekly loss, and is now almost 10 per cent below its June peak - clear evidence that domestic worries are depressing investors. Most troubling is that the tide of foreign buying which has supported the market for the last year seems to have turned. Since July 1995, equities had been driven upward in a steady pattern of domestic investors selling to grateful foreigners. But last month, for the first time in 18 months, foreigners turned net sellers.

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FT-SE Eurotrack 200:

1703.0 (-2.6)

Unilever, my

Show price relative to the CSE General Index

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